NATIONAL WEEKLY

Social Justice

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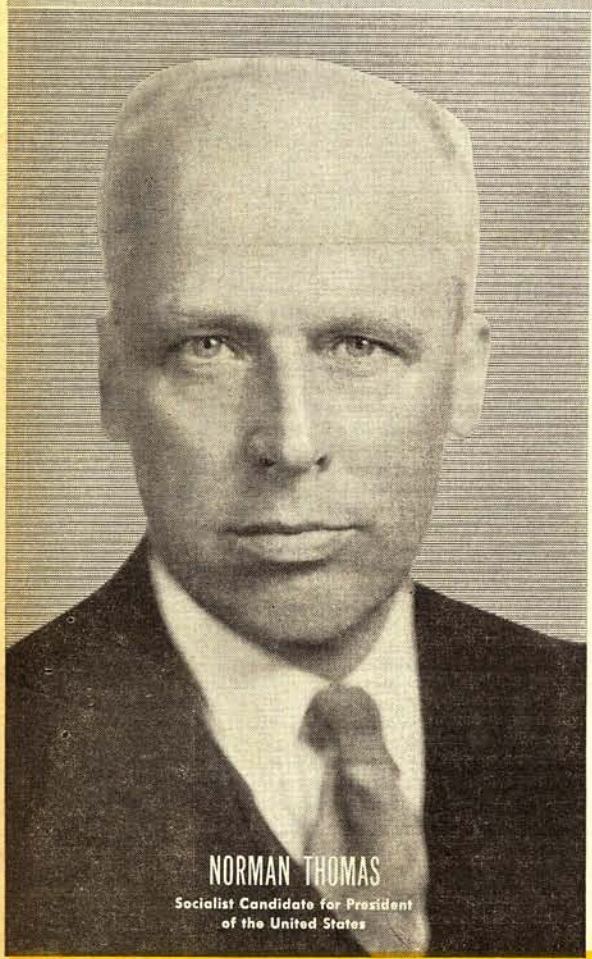
SOCIALISTS CHALLENGE 'DEATH OF CAPITALISM'



NORMAN THOMAS
Socialist Candidate for President of the United States

SOCIAL JUSTICE SEEN ONLY ALTERNATIVE FOR INADEQUATE SYSTEMS

OUT OF A CLOUD OF ISSUES discussed at the recent convention of the Socialist Party in Washington, this assumption seemed paramount: Capitalism is dead. The time is ripe for the selection of an alternative.

The 210 delegates to the Convention nominated Norman Thomas, former Presbyterian minister and a scholarly gentleman, as its candidate for President of the United States. After the shouting died, after the last notes of the "Internationale" echoed from the rafters of the hall, Mr. Thomas accepted the nomination.

He explained that he would run for the fourth time—although earlier he had decided not to run—simply because the national situation at this time required the stimulation of thought that a Socialist candidate and platform would give it.

The convention agreed that the death knell of capitalism is sounding, and that an alternative is needed if the nation is to escape "state capitalism" in Nazi or Fascist form. The Socialists nominated themselves to fill in the breach with their program of abolition of private ownership; their program of socialization of industries, monopolies, railroads and natural resources.

Because we are in a crisis; because there still are 10-million unemployed and because the New Deal has not solved the problem, it is likely that the Socialist Party will make a "token gain" in voting strength this year.

That is not important. What is important is the implication that only socialism can cure the abuses of capitalism. Marxism lives in America, despite vials of hatred poured out upon Stalin and other communistic symbols. Marxism under the Socialist flag, or some other flag, may march forward to new gains in America.

It is noteworthy that the principles of Christian social justice found no acceptance in the Socialist Party convention.

The philosophy of Christian social justice stands as the most challenging alternative to radical, godless Marxism on the one hand, and unbridled injustice under mismanaged capitalism on the other.

The time for realizing the principles of Christian social justice is now! These principles must be realized before the abuses of capitalism breeds new recruits for the Marxian flag.

—*Harris & Ewing*

FROM THE TOWER
By Father Coughlin

★

THE SITUATION IN INDIA TODAY
By Dr. J. S. Barnes

★

THE GUILDS OF ITALY
By Louis B. Ward

DINNER CHAT
By the Staff

The Church Militant

THE MOST Rev. John J. Glennon, Archbishop of St. Louis, has issued a timely word for those who believe that the Church should have no voice in the affairs of the day, and that the ministers of the church should confine themselves strictly to spiritual affairs.

Speaking in his Cathedral, Archbishop Glennon told his congregation that it is the province of the church to strike at injustice wherever it is found, in business, in the courts or elsewhere, and he reminded them that Christ drove the usurers out of the Temple when he found them practicing injustice on their fellow men.

One vital issue concerned the Archbishop particularly. This he characterized as "the political problem of the day—to find employment for the millions who are unemployed and food for the millions who are hungry."

Some have charged that the Catholic Church would keep the people in poverty in order that their minds might the better be fastened on the hope for a heavenly reward. Archbishop Glennon told his audience, however, that the Beatitude "Blessed are the poor," is not to be interpreted in this way.

Archbishop Glennon's words must be taken to heart. We who constitute the "Church Militant," must not shirk that which is our legacy—the need to fight for justice and right as Christians, that we may merit salvation.

If this way be difficult, the stronger must be the fight. But difficult or not, the place of the Church in labor, in political affairs, in business, in law and in the courts is made clear. "That justice may prevail" must be the slogan.

Friends of Father Coughlin

AN INTERESTING venture is occupying the "Missouri Friends of Social Justice," a unit comprised of followers of Father Coughlin in and around St. Louis.

These individuals have formed a Social Justice Credit Union under the direction of an able moderator, the Rev. Victor T. Suren, and have incorporated under the laws of the State of Missouri.

This credit union, in the words of Father Suren, is primarily concerned with "the man who is in need of a loan." The object is to "save him from becoming a victim of unscrupulous, heartless, blood-sucking loan sharks, who prey upon man and wax fat on ill-gotten money which they wrest from the lean purses of unfortunate victims."

Under plans of the organization, savings deposits may be made by interested persons, and members may apply for loans at an interest rate of 1 per cent per month on the unpaid balance, with no mortgage or collateral required.

Savings accounts are paid a variable interest rate in the form of an annual dividend, calculated to average 3 per cent a year.

In our opinion this is a worthy and progressive step in the name of social justice.

Enemy of Father Coughlin

IN ANSWER to a critic of Father Coughlin, who had maintained in a letter to the Rapid City, South Dakota, *Journal*, that the Radio Priest should be silenced, the Rev. William Boyd wrote to the editor that all his life he had heard the Catholic Church maligned on the spurious basis that it used the "gag rule."

"But now," Father Boyd wrote, "when a priest is let speak his mind freely, outsiders wonder why he isn't gagged." Father Boyd then directed his remarks at the critic in this fashion:

"If you do read or listen to him (Father Coughlin) personally, for which of his works do you condemn him? Do you condemn him because he inveighed successfully against our becoming snarled up in the World Court, and other European tangles? You gloat over the fact that our President met his downfall in his effort to 'pack' the Supreme Court. Do you condemn Father Coughlin, then, for the large part that he played—admitted even by his foes—in bringing this well-laid scheme to naught?

"Do you condemn him for the fact that for many years now, when the gaze of most of the rest of us was held transfixed in fear by the beady eyes of the snakey Hitler, that he almost alone foresaw where the real danger lay? And that for years his voice was as a voice in the wilderness forewarning of the world peril of Communism and the Reds? How the unthinking mob laughed at him and shouted him down then! Now, of course it is quite the fashion for everybody to rock the Reds, and drive them into their lair.

"But who, long before there was a Dies committee, told of how the Reds had bored from within, and had seized keyspots in the Governmental offices?

"Of course, he has foes. What crusader lashing out against entrenched evil hasn't foes—and bitter, hateful ones too?"

Father Boyd then concludes by saying that there will be but little appreciation of the work pioneered by Father Coughlin until "some day, 'after the captains and kings depart . . . after the tumult and the shouting die.'"

Father Boyd's letter is sent on to us by Father Bernard Drew, of Sacred Heart Church, Vivian, South Dakota. He informs us that Father Boyd is an invalid who has been bed-ridden for ten years with arthritis.

We thank both for their zeal.

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Road to War Paved With Good Intentions

IT WAS Alexander Pope who wrote the oft-quoted lines:

"Vice is a monster of so frightful mien,
As to be hated needs but to be seen."

In time of peace America wisely prepared for war by passing the Johnson Act prohibiting loans to defaulting nations, by establishing an embargo on arms, munitions and implements of war and by demanding "cash on the barrelhead" for sales of goods to all belligerents.

But after the clouds of war gathered over Europe, the hypocritical protestations of peace were silenced. The Johnson Act remains on the books, the "cash on the barrelhead" is the law of America today but the embargo has been lifted.

The first step having been taken, America now sees the Allies looking to other sources of supply than America for every needed article or commodity save arms, munitions and implements of war.

Now comes the next step. America soon is expected to experience the frightful penalties of raising the embargo and the appeal is to be made to extend credit in favor of our farmers and our workers. The Johnson Act is facing repeal. There are enough votes in both houses to repeal it. The vote on the Hull Reciprocity Agreements has proven that.

The first step, we repeat, has been taken; the embargo has been lifted. The second step is soon to be taken; repeal of the Johnson Act. The third step will come when, to save civilization, the American boys will once more be sent across the seas.

To paraphrase the great Alexander Pope:

"WAR is a monster of so frightful mien,
As to be hated needs but to be seen;
Yet seen too oft, familiar with her face,
We first endure, then pity, then embrace."

Reynolds on War

THE FIRST WORLD WAR was a war between two capitalistic empires struggling for world supremacy. It was advertised as a war to end all wars. And did it?

Senator Robert R. Reynolds of North Carolina says we felt at the time that "by entering that war we would stop all wars for all time. We felt that we would thereby save Christianity and save democracy . . .

"Let us see about that. It did not stop all wars, for since the World War, Italy conquered about 15-million people in Ethiopia. Since the World War there raged in Paraguay and Bolivia a tremendous war which took as its toll about eight-tenths of the male population. In addition to that there raged a civil war in Spain which began in July, 1936, and lasted until 1938, in which more than 2-million people were killed. In addition to that, there has raged in Asia a war between the Japanese and Chinese, and up to date more than 1-million Japanese and more than 3-million Chinese have been killed, and more than 100-million Chinese have been rendered homeless . . .

"So much for the hope of ending all wars. Our Intervention did not do so"

Meditations of An 'Old Timer'

By F. J. MCGINLEY, SR.

At early dawn the "daily news" delivered at my door
Portrays the havoc wrought by man, the gruesome scene of war.
And hopefully I scan the page and pray that wars will cease;
That all the world—both hemispheres—may form a lasting peace.
But, "noonday news" by radio dispels the morning's hope.
"Peace plans proposed by Sumner Welles, and His Holiness the Pope
Are rejected by the Britons and Premier Daladier.
They have not won the favor of the Nazi god today."
More neutral countries massing troops along their boundaries;
Starvation facing nations; millions dying of disease.
The English parliament decides that "England rules the sea"
And no peace can be accepted, as proposed by Germany.
So, Nazi forces form a pact with Stalin's bloody horde
While Christian nations plead with them to lay aside the sword.
Have we forgotten Christ's appeal, while dying on the cross;
Can all His teachings be in vain, and twenty centuries lost?
Have Communist and Nazi destroyed our faith in God?
Shall mothers raise their sons to bathe a battlefield in blood?
Are the Commandments fairy tales; Faith of our Fathers too?
Must they be sacrificed as were the Czech, Pole, Finn and Jew?
Can we forgive the broken pledge, the "guarantee to aid"—
Can we forget a Flanders' Field, and war loans still unpaid?
Or countless millions unemployed, upon whose brows are scars
Of slavery—bloody bonds—direct result of wars?
Must savagery and greed prevail, encompass all the land,
Or shall we heed this lesson of inhumanity to man?
"Lord God of Hosts, be with us yet—lest we forget; lest we forget."

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FROM THE TOWER

By FATHER COUGHLIN

"This Is Not a Holy War . . . It Is a Sordid Economic War Between Capitalism and Anti-Capitalism"

THE SECOND WORLD WAR is now well under way. Rapidly it is developing into the total war which many observers anticipated more than two years ago.

Primarily, it is our business to remain neutral.

It is of more concern to American citizens to hire the 10-million unemployed at living annual wages than it is to plan an expeditionary force of some 3-million to participate in Europe's quarrels

Moreover, neutrality not only forbids us sending munitions and arms to Europe. It also insists that we refrain from extending credit money to the belligerents; for credit money, as the experience of the first World War proves, is capable of purchasing every contraband, including propaganda.

Let it be insisted again that this is not a holy war, one side being devils and the other angels. It is a sordid economic war between capitalism and anti-capitalism, neither faction being overly concerned about the practices of Christianity in the social world.

* * *

And what is capitalism? Terms are used loosely nowadays. In this age of confusion, individualism has injected itself even into the realm of definitions. Hence, there are many meanings attributed to the word "capitalism." Some persons define it as "private ownership." Private ownership existed centuries before capitalism was ever heard of, being founded upon the natural law. Others define capitalism as "the exploitation of the masses of men by a few owners of the means of production, transport and exchange."

Although there is a paralysis on the part of teachers, sociologists, economists and journalists to coin a generally accepted definition of capitalism, it is possible to describe it and to know it by its fruits.

Generally speaking—and this is my point of view—capitalism represents a system of economy wherein the tools of production, including the ownership of raw materials as represented by farms, forests, mines and wells, are concentrated in the hands of a few to an alarming degree; a system of economy in which the vast masses of populations throughout the world eke out their livelihood by working for these owners at less-than-living wages; it is a system of economy that controls the production of food, clothing, shelter and the other material conveniences of life primarily for the profit of the owners of the sources and tools of production; it is a system of economy whereby production and profit are controlled by the private creation of credit money through which approximately 95 per cent of all the business of the capitalistic world is transacted; it is a system of economy where production is wedded to debt on the basis that the more debt created by the controllers of credit money, the more profits accrue to them.

* * *

Does Capitalism Breed War?

AS A RESULT OF THIS system of capitalism, whose beginning many economists identify with the year 1694 (the date when the privately owned Bank of England was established with the right to create money), wealth has been concentrated in the hands of a few and private ownership has become very private indeed.

Pius XI has described the abuses of capitalism very accurately. His Late Holiness said:

"But it is the capitalist economic regime that, with the world-wide diffusion of industry, has penetrated everywhere, particularly since the publication of Leo XIII's Encyclical. It has invaded and pervaded the economic and social sphere even of those who live outside its ambit, influencing them, and, as it were, intimately affecting them by its advantages, inconveniences and vices.

"When we turn our attention, therefore, to the changes which this capitalistic economic order has undergone since the days of Leo XIII, we have regard to the interests, not of those only who live in countries where 'Capital' and industry prevail, but of the whole human race.

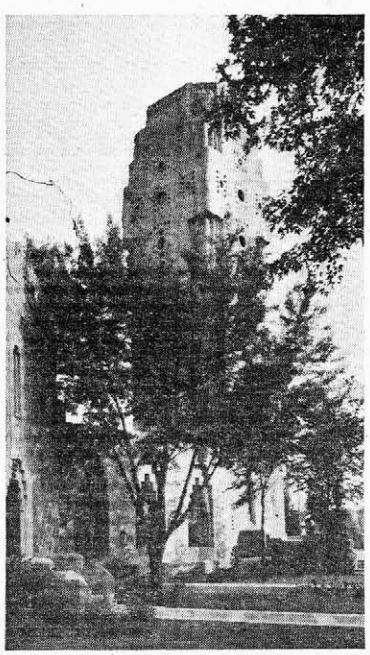
"In the first place, then, it is patent that in our days not alone is wealth accumulated, but immense power and despotic economic domination is concentrated in the hands of a few, and that those few are frequently not the owners, but only the trustees and directors of invested funds, who administer them at their good pleasure.

"This power becomes particularly irresistible when exercised by those who, because they hold and control money, are able also to govern credit and determine its allotment, for that reason supplying, so to speak, the life-blood to the entire economic body, and grasping, as it were, in their hands the very soul of production so that no one dare breathe against their will.

"This accumulation of power, the characteristic note of the modern economic order, is a natural result of limitless free competition which permits the survival of those only who are the strongest, which often means those who fight most relentlessly, who pay least heed to the dictates of conscience.

"This concentration of power has led to a threefold struggle for domination. First, there is the struggle for dictatorship in the economic sphere itself; then, the fierce battle to acquire control of the State, so that its resources and authority may be abused in the economic struggles; finally, the clash between States themselves.

"This latter arises from two causes: because the nations apply their power, and political influence, regardless of circumstances, to promote the economic advantages of their citizens; and



because, vice versa, economic forces and economic domination are used to decide political controversies between peoples."

* * *

That quotation is worth while committing to memory. While I am not authorized to speak for the Church, I am free to express my private opinion as long as it does not conflict with either faith or morals; as long as the expression is couched in charitable language; as long as I do not offend established facts. Thus, in the above quotation, I see the following points:

(1) His Holiness is speaking about the capitalistic system.

(2) Under capitalism, both wealth, immense power and despotic economic domination are concentrated in the hands of a few.

(3) Those few, frequently, are not the owners but only the trustees and directors of invested funds.

(4) This immense power becomes irresistible (that word "irresistible" represents forceful language. According to the dictionary it means "that which cannot be successfully withstood or opposed")—this immense power becomes irresistible when exercised by those who, because they hold and control money, are able also to govern credit and determine its allotment.

In last Sunday's lecture I brought to your attention the fact that the privately owned Federal Reserve Banks and their affiliates—the local member banks—create credit money by purchasing the debt of the nation for ten cents on the dollar—a debt which we taxpayers are obligated to repay at 100 cents on the dollar plus interest. That fact is not disputed.

(5) Thus, the accumulation of wealth, the immense power and the despotic economic domination are concentrated in the hands of a few—and this power cannot be withstood (irresistible) when it is exercised by those who hold and control money; by those who govern credit and determine its allotment, because it is they who supply the life-blood to the entire economic body; because it is they who monopolize the soul of production; because it is they against whose will no one dare breathe.

(6) This accumulation of power, which is the characteristic note of modern capitalism, is the result of unbridled individualism—of limitless free competition. It begets a triple struggle: (a) a struggle to monopolize the economic sphere with all its industry and commerce and finance; (b) a struggle to acquire control of the State so that its citizens and wealth and executives will become servants of those who hold the power; (c) and finally, war between the states themselves.

* * *

Shall we say, therefore, that wars are the inevitable product of the abuses of capitalism? In my opinion, the answer is an affirmative one. At any rate, the first World War was a commercial war, an economic, capitalistic war in which the Central Powers contested the domination of the Allied Powers in the sphere of economics. The second world war, from present indications, appears to be a contest between the anti-capitalist powers and the capitalist powers.

As you are aware, capitalism has ceased to exist in Russia, Germany, Poland, Finland, Norway, Sweden, Denmark, Roumania, Turkey, Jugoslavia, Czechoslovakia, Albania, Spain, Portugal and Italy. It has ceased to exist both theoretically and practically in these countries. In the place of privately-controlled capitalism we find, in many instances, a state-owned or controlled economy following the pattern of Karl Marx and, in others (particularly Spain, Portugal and Italy), an attempt to follow the pattern of principles laid down by Leo XIII and Pius XI.

In Great Britain and France, which Empires still follow theoretically the capitalistic pattern, it is apparent that they have abandoned it practically. I mean that both the British and French governments, for all practical purposes, have confiscated or commandeered private industry; they have abandoned the practical use of gold as a basis for credit; they have piled up such tremendous debts that it is impossible for the taxpayers to meet their obligations through the process of capitalism.

The national debt for the United States of America, with 130-million population, is approximately $45-billion.

(Continued on Page 16)

In the Field and Factory

Bankers Assail Farmer Debt Relief as Threat to Nation

Oppose Lower Interest Rates And Other Aids Needed by Impoverished Agriculture

THE NEWS: A. L. M. Wiggins, chairman of the Federal Legislative Committee of the American Bankers' Association, in a hearing before the House Agriculture Committee in Washington, denounced the proposed liberalization of farm credit as "the most serious threat yet offered" to the credit structure of the nation.

He compared the plan with measures taken by totalitarian states whose dictators have assumed control of agriculture and other fields of private industry.

Another representative of the Bankers' Association, Charles H. Mylander, declared the proposal would destroy the Federal Land Bank System and constitute a direct gift to farmers.

COMMENT: The measure which has so incensed bankers provides for a reduction in interest rates on farm loans to 3 per cent; elimination of the requirement that farmers obtaining loans from Federal Land Banks take 5 per cent of their loan in Land Bank stock; Government guarantee of farm loans; repayment by the Government of the par value of Land Bank stock now held by farmers; facilitation of refinancing harrassed debtors; and curbing foreclosures.

In the Senate the measure bears the name of Burton K. Wheeler of Montana and in the House, of Marvin Jones of Texas, who recently resigned chairmanship of the House Agriculture Committee to accept an appointment to the Federal Court of Claims.

Agriculture Secretary Henry Wallace is heartily in accord with the bill. For that, SOCIAL JUSTICE applauds him. But he would have it operate under his direction through the Farm Credit Administration, which came under his jurisdiction by virtue of President Roosevelt's reorganization authority. Formerly the F.C.A. was an independent agency.

Loan Agency Should Be Independent

Farmers unquestionably need some form of debt relief. They need lower interest rates. They should not be required to buy stock in the Federal Land Banks whenever they get loans. They should be protected against foreclosure.

The Secretary of Agriculture, however, should not be the czar with discretionary power to dispense this welcome, constructive relief. It is easy to understand how the power could be abused. Farmers unwilling to co-operate with the Agriculture Department's crop control program, or other requirements set forth by the Department could be denied benefits of the new system.

It is conceivable that politics would play an important role in deciding who should receive Government-guaranteed loans.

Allotment of credit and debt relief must be divorced from the Agriculture Department entirely if merit is to be the basis for determining the recipients of that aid.

Loan Power May Be Political Weapon

Under the present Agricultural Adjustment Act, subsidy payments are withheld from all who do not conform with the Department's regulations regarding production. What assurance do farmers have that this condition would not prevail with respect to the liberalized credit system?

The Wheeler-Jones proposals would render a great service to farmers—a service they surely deserve; but the Farm Credit Administration should first be restored its independence.

Mr. Mylander's objection that repeal of the 5 per cent Land Bank stock provision would wreck the Land Bank System is wholly unsupported by evidence. There is no logic in requiring farmers to take 5 per cent of their loans in such a manner. By doing so they merely are being forced to borrow and pay interest on 5 per cent more money than they wish to borrow.

Representative Walter M. Pierce of Oregon told the House Committee how that requirement has actually weakened the Land Banks in the Pacific Northwest. Farmers there, he said, are discouraged from applying to the Land Banks because of that obligation. Therefore, only farmers who can get loans nowhere else are seeking Land Bank loans.

MARVIN JONES

Government Aided Other Industries

Thus the provision hits the poorer farmers hardest. It also sends all the weaker loans to the Land Banks.

Pierce cast reflections on the integrity of the banking opposition by declaring that the same financial interests now fighting for preservation of the Land Bank System fought bitterly against its inauguration in 1916.

Summed up, the controversy resolves into a battle of wealthy bankers against American farmers impoverished by low prices over which they have no control.

Banks, railroads, public utilities and other "big business" enterprises have been "bailed out" by the Federal Government in time of dire need. Millions upon millions of dollars of taxpayers' money has been spent to "save" these industries. No objections were raised by the bankers.

Now when poverty-ridden farmers, victims of a cruel economic dictatorship, seek help, it suddenly becomes "inadvisable," "uneconomic" and a "threat to the credit structure of the nation."

System of Scarcity Cannot Produce Prosperity

A CONCRETE example of how the existing economy of scarcity retards full industrial recovery and prevents universal prosperity was given recently by Edsel Ford of the Ford Motor Company.

He told the Temporary National Economic Committee that his firm could sell automobiles for $500 if a market of 1-million buyers were in prospect.

"We feel there is always a field down below—that everyone in the world wants a motor car," he said.

The same situation prevails with respect to hundreds of other industrial commodities. But a money system predicated on debt, instead of wealth, never will alter conditions.

Solution of Jobless Problem Lies in New Industries

AMERICA can solve the unemployment problem by continuing to explore the possibilities of science and thereby creating new industries, Charles F. Kettering, vice president of General Motors Corporation asserted recently.

He said it is a fallacy to believe the nation has reached the zenith of progress. "The frontiers of science and industry ahead hold promise of new jobs and new improvements in the standard of living . . ."

He named several fields, as yet in their infancy, which with proper development, would absorb the present unemployed.

This is the type of thinking, the sort of optimism, the country needs to pull itself out of its economic doldrums.

It is not the defeatist attitude assumed by many. It is the pioneer spirit which made America the greatest nation in the world.

Little to Poor, More to Wealthy—Social Security

WASHINGTON, D. C.—The much heralded "security" afforded America's aged by the present Social Security Act is a myth, Senator Sheridan Downey of California declared on the floor of the Senate in Washington last week.

He asserted that "in the misleading and delusive columns of newspaper propaganda that have gone forth to the aged people of America from the Social Security Board they have been led to believe that the Social Security Act is a generous, effective law, when, as a matter of cold fact, it is a futile, impotent instrument of poverty and neglect."

Payments to those in need are so low, he pointed out, that the Act is "practically worthless as far as the great bulk of the American people are concerned."

Instead of being based upon the amount individuals must have to maintain decent living conditions, the benefits are dependent upon how much the persons earned during their working years.

In this fashion those with little or no savings—those who need money the most—receive the least in old-age benefits.

Average Pensioner Gets $23 a Month

Illustrating the inadequacy of the Act he cited the case of a typical social security applicant. The man's earnings the last 3 years were $75 a month. Upon inquiry at the Social Security Office he is told he is entitled to only $22.50 a month. This is computed on a basis of 40 per cent on the first $50 of earnings; 10 per cent on the second $25; plus 1 per cent of that total.

Such a "pension," Downey declared is a sad commentary on the economic system of the richest nation in the world.

Obviously that income is far too low to afford anyone a respectable living. It does not even provide sufficient food and shelter. But for most of the recipients there is no recourse. They must accept it and struggle along as best they can. More than half the people in the low income group getting such insignificant pensions cannot obtain help from their children or relatives because the latter, too, are in poverty, Downey said.

High Salaried Receive More

Showing the injustice of the whole Social Security setup, Downey pointed out that a person who has earned as much as $250, $500, $1,000 or $10,000 a month would receive a pension of $41.20 a month. Despite the fact that such a person would have had ample means during his productive years to lay aside savings and annuities, he would thus receive nearly twice as much as the man who earned $75 a month.

Not taken into account, under the Social Security Act, is the fact that those people invariably have other means of support, while the poor have none.

Downey told of a friend of his in California, who died, leaving an estate valued between $2-million and $3-million. The man was receiving a $50,000 annual salary. By terms of the Social Security Act the wife and children of the man will receive $85 a month. When the widow is 65 she will receive three-fourths of the husband's primary annuity — about $20,000. The man had paid only $90 into the Social Security Fund.

On the other hand, Downey said, another friend, a cannery worker died. His earnings were only about $25 a month, entitling him to a primary benefit of $10 a month.

Indigent Widow Given $20 Monthly

Although the cannery worker's widow also had several children, she will receive only $20 a month—or twice the amount of the husband's primary benefit.

"When that husband died, probably there was not sufficient food in the house. The children probably had not sufficient medical care. Their bodies probably lacked soap and decent cleanliness. The family probably was 2 or 3 months behind in its rent. Yet we have worked out a plan which will give to the wealthy widow and children—out of public money—and not out of contributions of the man himself—a substantial annuity of $85 a month, whereas the woman who needs help desperately will receive $20 a month, or less than one-fourth the amount paid to the wealthy widow."

Downey advocates enactment of the revised Townsend Old Age plan, which provides for a 2 per cent tax on gross incomes exceeding $250 a month for individuals and $3,000 for businesses. Returns thus gained by the Government would be distributed to retired persons over 60. At present the benefit age is 65. It is estimated that the proposed plan would permit payments of approximately $50 a month to the needy aged.

N. L. R. B. Corrects Its Unjust Decision

RESCINDING an election order it had fought to enforce for more than a year, the National Labor Relations Board recently granted the American Federation of Labor a place on the ballot in a "run-off" election with the C.I.O.

Employes of the Consumers Power and Light Company, Michigan utility, gave the C.I.O. a plurality, but not a majority of votes cast in the original election. The A.F.L. was a close second.

The Board then ordered another election, barring the Federation from the ballot. Only choice given the workers was between the C.I.O. and "no union."

Although upheld by the Supreme Court, the Board apparently has conceded the injustice of its decision. The reversal, however, came only after demands for drastic revision of the Wagner Act and reorganization of board personnel.

Inside Washington

Britain, France Seek Trade Credit in U. S.

Would Have America Scrap 'Cash-and-Carry'; Seen as Danger to Peace

THE NEWS: Facing the prospect of exhausting their available cash if the European war continues much longer, Britain and France, according to newspaper reports, are making overtures for extension of credit by the United States Government.

Agents of the two belligerents are said to have conferred with Agriculture Secretary Henry Wallace, A.A.A. Administrator R. M. Evans and Milo Perkins, president of the Surplus Commodities Corporation.

COMMENT: American agriculture has received a stunning blow from the Allies' sharp curtailment of farm products since the war began. The warring nations have been conserving their cash for purchase of American-made airplanes, munitions and other war necessities.

They have shifted their trade in foodstuffs to their colonies and to other countries where the rate of exchange is more favorable. America has protested this discrimination, but can do nothing about it under existing circumstances.

Now the Allies say they need more agricultural commodities and will gladly patronize the United States, providing they are given credit.

Present Law Forbids Credit

The Neutrality Act, however, forbids trade with belligerents on anything but a "cash-and-carry" basis; and the Johnson Act prohibits loans to nations that have defaulted on former debts. That clearly bars the Allies from receiving any credit whatsoever, be it for war material purchases or for farm products.

Even Administration leaders, including Senator Key Pittman of Nevada who pushed the Neutrality law through Congress, granted that point while the bill was being considered. Yet reports are circulating that spokesmen of the Government favor extension of credit through the Export-Import Bank or the Commodity Credit Corporation.

Obviously that would be a circumvention of the law—a step toward American involvement in war.

If the Neutrality Act prohibits the Government to grant credits to belligerents, that prohibition certainly applies to the Export-Import Bank, the Commodity Credit Corporation or any agency of the Government. How anyone could argue otherwise is beyond logical explanation.

Americans Want No Stake in War

The purpose in enacting the "cash-and-carry" provision and the Johnson Act was, ostensibly, to prevent the United States from having a stake in the war, an interest to protect.

With loans being made by *any* Government agency, the United States would have a definite interest in the outcome of hostilities. The situation would be an exact duplicate of the World War days.

It is assumed the Allies, failing to discover a loop-hole in our present non-credit laws, will pressure for repeal of them.

If they do, Congress must take a determined stand, for the future of America depends on the issue. The United States cannot expect to help finance the European struggle without becoming an actual participant in it. Events of 1914-17 proved that.

The temporary loss in agricultural export trade is infinitesimal compared with the human misery and economic chaos that are certain to follow American involvement in the war.

SENATOR KEY PITTMAN

Dies Pushes Efforts to Register Alien "Ism" Groups

Determined that his unrelenting campaign against Communism and Naziism shall meet with eventual success, Chairman Martin Dies of the House Committee on un-American activies, has announced he will introduce a bill requiring registration of all organizations with foreign affiliations.

The measure would force Communist and Nazi groups to file complete membership lists. Thus the nation could readily determine who its enemies are.

Dies has failed to obtain names of Communists from Reds appearing before his committee.

His proposed bill should be passed. It is as much a national defense measure as $1-billion for offensive war weapons.

Best Way to Keep Out of War is Isolation

THE NEWS: Although American sentiment is still strong for strict neutrality in the war abroad, Germany's sudden invasion of Scandinavia and the subsequent naval battles between belligerents had reverberations in Washington.

The Senate Appropriations Committee approved a navy bill calling for expenditures of nearly $1-billion, which will enable the Government to accelerate its defense expansion program.

The Navy department immediately ordered work to proceed on building of 10 warships in addition to those already under construction. The new craft include battleships, aircraft carriers, cruisers, destroyers, submarines and other smaller ships.

Meanwhile General George C. Marshall, Army Chief of Staff, told the House Military Affairs Committee that Congress should waste no time in approving the War Department's budget recommendations for "preparing the United States against chaotic world conditions."

COMMENT: SOCIAL JUSTICE concurs heartily in any plan to strengthen national defense. A great nation such as the United States should not invite invasion by allowing herself to become militarily impotent.

On the other hand, the fact that a few empires in Europe have gone to war in defense of their respective political and economic systems, should not create the impression that the United States is in danger.

War will not reach these shores if this country isolates itself. It will come only if we seek it by becoming financially involved, by falling prey to jingoistic propaganda.

General Marshall seemed quite disturbed over the European struggle, however, when he declared, "if Europe blazes in the spring or summer we must put our house in order before the sparks reach the Western Hemisphere."

The way to do that is to remain calm; to observe absolute neutrality; to abstain from anything that might entangle us.

It cannot be emphasized too strongly—in the face of the "total war" that now seems imminent, — that the position of the United States is one of strict neutrality.

"National defense" is an objective worthy of a great nation. But "national defense" makes no provision for warring abroad, in favor of one political system or another.

Congress Forgets Economy Promises In Spending Wave

THE NEWS: Glowing promises of retrenchment in Federal expenditures, so rife when the current session of Congress convened, have failed to materialize.

Appropriations totaling $6,776,658,767 —more than $1-billion in excess of estimated receipts from taxes—have been authorized or are pending in Congress, Representative Robert F. Rich of Pennsylvania declared in the House of Representatives last week.

COMMENT: The amount shown by Rich by no means represents all the Government will appropriate for the fiscal year beginning July 1. The present session of the 76th Congress is barely 3 months old.

With dozens of other expense items yet to be acted upon, the possibility exists that the aggregate appropriations may approximate the $10-billion approved in last year's Congressional spending spree.

It is considered "poor politics" to pare expenses in an election year, when such paring reduces handouts to constituents.

Congressman Rich Disputes Colleagues

Congressman Rich took issue with Representative Cannon of Missouri, who recently asserted the House Committee on Appropriations had practiced economy in reporting supply bills.

"Where is there any economy," he asked, "when our appropriations are now over $1-billion more than our receipts will be"?

The Government has been "in the red from a billion and a half a year up since the New Deal hit the Capital," he declared . . . "Economy where? Not with the New Deal. They are the squanderers of the world; more waste, more extravagance, more promises than any party has ever had. The New Deal is busted, and it will bust all our people."

More Spent Than Taxes Provide

Then he presented the following list of appropriations made thus far or pending in Congress:

Bill and Status	*Appropriation*
Independent Offices—Passed Senate	$1,139,783,528.00
Treasury and Post Office—Law	1,032,801,095.00
Labor (Federal Security) —Passed House	1,021,639,700.00
Navy—Passed House	965,779,438.00
Agriculture—Passed Senate	922,911,213.00
War	784,999,094.00
Emergency (Supplemental)—Law	252,340,776.00
War Dept. (Civil)—Passed House	203,472,567.00
Interior—Passed House	118,578,187.00
State, Justice and Commerce—Passed Senate	107,079,000.00
First Deficiency—Passed Senate	91,533,408.52
Urgent Deficiency—Law	57,541,300.00
District of Columbia (first)	48,291,717.00
Legislative—Passed House	23,907,744.00
District of Columbia (second)	6,000,000.00
	$6,776,658,767.00

Selling Citizenship Papers Was Good Business for Haiti

"CITIZENSHIP papers for sale. Only $2,300 and up for single persons, and $7,200 and up for a family of four. Entrance into the United States practically assured. You, too, can become an American at these new, low rates. Call on your nearest Haitian consul today."

That advertisement never appeared in any publication, but it well might have, for the Republic of Haiti, one of the United States' West Indies neighbors, was engaged until a short time ago in the business of selling Haitian citizenships to European refugees.

After acquiring naturalization papers from Haiti, the refugees then were able to enter the United States freely, because there are no quota restrictions on immigration from the West Indies, Mexico, Central America and South America.

This was revealed in the Senate last week by Senator Robert R. Reynolds of North Carolina, who seeks enactment of a bill imposing a limit on such immigration.

Having suspected for some time that European refugees were circumventing United States immigration laws in collusion with the Government of Haiti, Reynolds received confirmation of his suspicions from Edouard Horelle, General Secretary of the Haiti Post Office Department.

In a letter to the Senator, Horelle frankly admitted Haiti's participation in the scheme. As translated by the State Department and printed in the Congressional Record of April 8, 1940, the communication reads in part:

"In order to give to the foreigner willing to become Haitian citizen the necessary authorization of making, at any Haitian consulate, the Government vow requested by the law, the Haitian Government will take as contribution . . . a gift of $1,500 for single person and $2,000 for a married couple . . . and for the children of 18 years the gift shall be of $1,000 each.

"Each individual beside the gift shall pay to the Government a register tax of $300 per individual . . .

"The cable expenses, my special expenses and fees for the complete success of this transaction will be $500 per each individual . . . "

In a subsequent letter to Reynolds, another Haitian official disclosed that the citizenship sales were discontinued recently because of "so many abuses" of the practice.

NATIONAL WEEKLY

Social Justice

Founded 1936 by Father Coughlin
Published by The Social Justice Publishing Co.
LOUIS B. WARD, *Editorial Director*
E. PERRIN SCHWARTZ, *Editor*

16 PRINCIPLES OF SOCIAL JUSTICE

Liberty of conscience and education.
Just living annual wage.
Nationalization of important public resources.
Private ownership of all other property.
Control of private property for public good.
Abolition of Federal Reserve Banking System and establishment of a Government-owned Central Bank.
Restoration to Congress of its sole right to coin and regulate the value of money.
Cost of living maintained on an even keel.
Cost of production plus a fair profit for the farmer.
Labor's right to organize.
Recall of non-productive bonds.
Abolition of tax-exempt bonds.
Broadened base of taxation on basis of ownership and capacity to pay.
Simplification of Government and lower taxes.
Conscription of wealth as well as men in event of war.
Sanctity of human rights preferred to sanctity of property with Government's chief concern for the poor.

Economic Aspects of Scandinavian Seizure

"THE ALLIES are determined to prosecute the economic war to the utmost in their power." — Neville Chamberlain.

In these words the British Prime Minister indicated that all European neutrality — particularly that part which supplies the Germanic forces with goods—must be regarded as an obsolete policy.

Following his pronouncement, Great Britain sent warships into the protected neutrality zone of Norway. Neutral waters were mined by the British. It was charged by the Germanic diplomats that Britain planned to seize Norway. In reprisals for the mining and in anticipation of the seizure, Scandinavia has been occupied by Hitler's forces.

If you look at your map, you will observe that Sweden is now totally surrounded by the anti-capitalists. The Baltic Sea is now a German lake. The Skagerrak and Kattegat — the two bodies of water connecting the Baltic Sea with the North Sea and the English Channel—have become the new Dardanelles of the north, there being only a few miles intervening between the terrain of Denmark and that of Sweden.

It is to be expected that the Netherlands, directly opposite the southern part of England, will experience the next attack. If Germany adds Holland to its seizures of Norway and Denmark, England's chief source of dairy supplies will have been cut off. Instead of the Allies having blockaded Germany, Germany will have forced the Allies to obtain their raw materials from sources 3,000 miles distant.

Britain promised to help Czechoslovakia—and failed. Britain promised to help Poland—and failed. Britain promised to help Finland—and failed. Britain now promises to help Norway. This time Britain will keep her promise because if the Scandinavian and Netherland supplies definitely fall into the hands of Germany, Britain cannot win this European war with economic weapons.

Ronald H. Cross, the British Minister of Economic Warfare, revealed recently that 3,000 ships of almost every country have so far been examined for German-bound contraband. Nineteen neutral countries, he said, were submitting to the British examination and accepting "navicerts," or permissions to navigate.

Mr. Cross said through the Whitehall Foreign Office that Norway, Sweden, Iceland, Belgium and Denmark had agreed to put limits on their exports to Germany. Possibly, he spoke too soon; for at least three of these basic supply countries are now occupied or controlled by Germany. The other two—Belgium and Iceland—cannot support themselves, let alone export goods abroad.

Meanwhile, Great Britain has expended millions of dollars in the Scandinavian countries buying up dairy products, fats, grains and leathers. In many instances, the money already has been delivered. Unhappily for Great Britain, the products will not be delivered.

Besides affecting dairy products and grains, this latest seizure in Scandinavia by Germany will affect iron ore. A correspondent at Norway's port of Narvik, almost 140 miles above the Arctic Circle, informs us that within the last ten days he witnessed three ships loading raw iron ore dug from the deposits at Kiruna, Sweden. Two of the ships were British: one was German. That will not happen again if Germany is able to hold Norway.

Nor will Britain's efforts, although in violation of Norway's neutrality, to cut off the Skagerrak route for German ships, be very productive. By this time, the Skagerrak and the Kattegat will have been mined by Germany. Transportation from Norway will come overland through Sweden and across the German Baltic lake.

All this indicates the seriousness of the task confronting the Allies in beating Germany economically.

Changing Attitudes

FOR A YEAR preceding the present European war the leading spokesmen of the Administration preached the doctrine that democracy must finally meet in open combat the totalitarian states if civilization were to be saved.

When the war was only four months old and in January, 1940, there came from the same statesmen the plea for peace. In the meantime, we had lifted the embargo on arms, munitions and implements of war on the debatable theory that to supply materials would tend to keep us out of war.

Now, in March and April, 1940 when peace before the anticipated spring drives of the combatants is devoutly to be wished, many statesmen of America agree with President Roosevelt that our efforts for peace are presently untimely and must await that hour and that day which, in their judgment, will be auspicious.

From the expressed desire to annihilate the totalitarian states, and the quarantining of these states, to the plea for peace, and finally to the discarding of peace efforts are steps which defy the human mind to interpret from the standpoint of principle.

Mr. du Pont Speaks

LAMONT DU PONT is, of course, one of the great industrial names of America.

President of the E. I. du Pont de Nemours & Co., this distinguished gentleman participated in the eighth Conference on Educational Policies at Teachers College, New York City.

The Conference question was a simple one, namely, "How Can Economic Illiteracy Be Reduced."

Mr. du Pont answered it, not by any contribution to the world's fund of knowledge made available to the "illiterates" but rather by the simple suggestion of eliminating the "theorists," "emotionalists," "propagandists," and "controversialists" who masquerade as humanists.

Mr. du Pont distinguished the laws of science from the "phantasmagoria of neophilosophic reasoning and untried theories that pervade much of present-day thinking on economics."

Less than four years ago he explained to the Directors of the great General Motors Corporation that the obligation and purpose of General Motors was to make money and not to engage in the new-fangled social theories which were invading the sphere of business.

Fully backed up by Alfred E. Sloan, Jr., Chairman of the Board of Directors of General Motors and in a far lesser degree by President Knudsen, he was bitterly opposed by the spokesmen for those directors who knew, from the practical experience of life, that labor's wage was the first charge, in morals and in that division of morals called economics, against productive industry.

The du Pont name, the du Pont philosophy have been of historic importance since that day when Adrian du Pont gave his practical counsel to the Duke of Orleans who was ambitious to sit on the throne of France. That counsel was the counsel of revolution.

Revolution was certain under the formula of Adrian du Pont. That formula was simply: "Keep bread from the people and stop reforms in the national Assembly."

Today, another du Pont advises: "Economics as a science should not espouse social and political experiments, before-the-fact propaganda, or controversial 'causes,' . . ." "One hears debates, supposedly in economics, on the question of human rights versus property rights. The very premise is unsound because both factors at issue are human rights."

The Business Index

IT IS NATURALLY the object of any administration to do anything that it can do to decree a boom in the year of a presidential election.

With monetary powers vested in the present Administration to a degree unparalleled since the founding of our government, there is little sign that 1940 indicates any optimism in the nation.

January, February and March were marked by almost vertical declines from an index figure of January of approximately 108 to an index figure of April 1 of approximately 94. The only encouragement given in the week preceding April 1 was when the index leveled off by paralleling losses in steel, lumber, automotive output and miscellaneous loadings by gains in electric power production, cotton mill activity and "all other car loadings."

If 1940 is to boast prosperity, such induced prosperity must start pretty soon. Again, we repeat, as yet there is no war boom. Capitalism is not running true to form.

Congratulations, Amador

THERE ARE 3,070 counties in the United States originally laid out on the old English tradition, coming down from the days of Edward III, and predicated largely upon the distance that a judge could ride a horse in a day.

The advent of the automobile never eliminated a county and the fact that a judge could drive across perhaps every state in the Union except Texas in a day never revolutionized or modified the demand that the county system be kept in *status quo*.

Yet new uses for counties have been developed and, with the new uses, debt has grown into the billions.

Amador County, California, has distinguished itself, according to a press dispatch emanating from San Francisco. It is debt free. It has no state relief nor W.P.A. within its borders. It finances its relief load without the assistance of the state or national governments. It has under construction a $200,000 Courthouse without the assumed appendage of a bond issue.

After accepting Federal and State aid for five years, the county found itself $60,000 in debt. Then it adopted a pay-as-you-go program which administers relief at an overhead cost of 3 per cent in contrast to an average cost of 25 per cent.

It has 8,494 people, according to the latest census.

Congratulations are due to Amador County, California. May it act as an incentive to all of the 3,069 other counties of the country.

The Small Businessman Obtains a Loan

IN 1935 a certain Dr. Beckman, a professor in the University of Ohio, was called to Washington to conduct a nation-wide survey on the financial needs of small business.

The story at the time was that Dr. Beckman, after completing his report, presented his findings to President Roosevelt and inferred from the conversation with the Chief Executive that the report was to be released immediately. Consequently, a twenty-odd page summary was mimeographed and released to the press.

Upon this release the *New York Times* and perhaps other papers carried one of the greatest news stories in the field of economics the year produced. Dr. Beckman had found that $2-billion in loans were needed by small business to produce against the orders already on the books and that these loans were not forthcoming through the normal channels of credit.

The report was immediately suppressed. Five United States Senators simply were refused copies of it. The late Senator James Couzens of Michigan insisted on his right to see it and was permitted to look at it in the hands of Department of Commerce officials but not to take a copy for study.

From that day to this the small businessman has been left out largely of the credit picture of the United States. Theoretically the Reconstruction Finance Corporation is open to him, but the requirements are such that he tires out before the normal process of lending is completed.

The banks in the larger cities do not loan money to small industry comparable to its normal requirements.

In New York, Attorney General John J. Bennett explains that loans are sometimes available. For example, his recently-released story of a small businessman who needed $1,000. First of all, he was asked to incorporate at an expense of $200. He was required to pay $100 for the insurance of his loan. He was required to deposit $1,000 in "accounts receivable" and these were discounted 10 per cent, the remaining $100 being deposited in cash.

The interest on the loan was 2½ per cent per month, or $25. The interest on the security, whatever that meant, was fixed at $60. A reserve was set up to his credit of 35 per cent on the balance of $815 supposed to be due him. This amounted to $284.25 out of $1,000 that he did not get.

The total discounts from the $1,000 loan, including the incorporation expenses, the insurance, the discount, the interest, the interest on security and the reserve amounted to $769. The actual charges were $465 or 46½ per cent.

Attorney General Bennett drove this usuror out of business and all credit is due him.

But the fact remains that small business in America can use $2-billion of credit. With the banks overflowing with "excess reserves" and "idle monies," the demand for liquidity dominates the demand of legitimate small business for essential loans.

Conspiracy Trial

Death of Defendant Marks Sedition Trial

Body of Ernecke Found In Basement After Collapse of Government Witness

By Staff Correspondent of SOCIAL JUSTICE

NEW YORK, N. Y.—The violent death of Claus Gunther Ernecke, one of 17 defendants accused of seditious conspiracy against the United States government, climaxed a busy week in the trial of the defendants—a week which saw the government's star witness collapse after cross examination by defense counsel.

Ernecke's attorney, Leo A. Healy—also counsel for 10 other defendants—told authorities he had feared something might happen to Ernecke, as he had been despondent. He said Ernecke's life had been threatened several times since the trial began.

The defendant's body was found hanging in the basement of a Brooklyn apartment house. Ernecke had disappeared April 12, and his $7,500 bail bond had been forfeited when he did not appear for the trial session of that day.

Before this development at the end of the trial's second week, the proceedings had been delayed after Denis A. Healy, self-confessed informer for the Federal Bureau of Investigation and star witness for the government, suffered a nervous collapse.

Witness Healy monopolized the stand the fore part of the week. In his testimony he often completely ignored the Action Committee, only organization named in the indictment against the 17 men, and ventured into a description of the alleged plot, implicating certain high officers of the National Guard.

National Guardsmen Protest Testimony

Brigadier-General Alexander Anderson and Lieutenant-Colonel Martin Meaney, two of the National Guard figures mentioned in the testimony, wrote a vigorous letter of protest to Attorney Kennedy last week demanding to be heard and characterizing the statements of witness Healy as "outrageous, injurious, unwarranted, unjust and utterly unfounded."

Lawyer Healy took the same view of witness Healy's testimony and began a vigorous cross-examination of the Government informer and F.B.I. agent, which ended temporarily when Denis Healy collapsed on April 10. This caused the trial to be adjourned for two days. Witness Healy was carried away from Brooklyn Federal Court in an ambulance, suffering from low blood pressure, nausea and nervousness.

In the battle of wits between the two Healys, witness Healy came out second. Squirming uneasily in his chair, the chubby, bespectacled Government agent admitted he had been ordered by the F.B.I. to associate with the defendants, join their organization, and find something "illegal" within it.

He admitted that he had wined and dined the defendants with $2.50 pheasants, so he could pump them with questions while they were intoxicated and that the expenses involved had been paid for by the F.B.I. He admitted also that the Government paid him a salary equal to that which he had received from the N.Y. Central Railroad, while he was serving G-men as a spy.

Witness Admits Lying to Defendants

On several occasions, the statements which Attorney Healy drew from the witness caused such outbreaks of laughter from onlookers that Judge Marcus B. Campbell threatened to clear the court. Witness Healy acknowledged that he had continually lied to the defendants in order to lead them on and once admitted that he was "a whole crowd of liars, fakers and bluffers.

He also admitted that "he had a very bad memory," a fact which was made very evident by his hazy collections of his past life. When questioned by the Government he said he was born in Dublin. Later he testified that he wasn't sure where he was born and that he might have been born "in Canada, Ireland or even South Africa." Confronted with documents of the New York City Board of Elections and his citizenship papers, he agreed that statements signed by him saying he was born in both Robertstown, Ireland, and Canada were both genuine.

There were several other things that witness Healy admitted he didn't know about his family life: He said his father was an Irishman but was not certain about his mother and didn't know where she was born. He didn't even know when he, himself, was born and how old he was, adding that he had never seen his birth certificate.

Once Fought With Irish Army

Among the few definite facts the Government's star witness was able to give about his past life was that he had fought in the Irish army after the World War and had been a "drummer boy" in the Canadian army twelve years ago. He also knew that he had married a Ukrainian girl named Anne Kagnowsky and had entered the U.S. from Canada in 1926.

About his trip from Ireland to Canada, he was very vague. He first stated that he had fought in the Irish army before voyaging to Canada, then reversed himself by saying he had been in the Canadian army before he fought for Ireland.

Witness Healy testified that the defendants were associated with an organization of 300,000 men which planned to overthrow the Government and set up an anti-Semitic dictatorship.

But under cross-examination, when asked how many members of this organization he had ever seen, he replied, "four or five hundred." Asked how many rifles he had seen in the possession of the defendants, he replied, "seven or eight." He stated also he had never seen the defendants with machine guns.

Witness Protests Against Defense Lawyer

When questioned if he thought it possible that 17 men could overthrow the Government with 7 or 8 rifles, he answered, "I have seen squads of the U.S. Army go out with only a few rifles." Further questioning brought out that the witness didn't know how the defendants were going to finance the public utility companies, which he stated they planned to seize.

At times, the F.B.I. agent took offense at the defense counsel's questions and refused to answer until instructed to do so by the judge. Once he declared Attorney Healy was trying "to put me on the spot." The lawyer replied that the witness was trying "to put these 17 young men on the spot."

The witness particularly resented Attorney Healy's question asking him if he knew what the word "stool-pigeon" meant. He was also angered at a query asking him if he was on friendly terms with the New York police, the F.B.I. and the Royal Canadian Mounted Police, but was compelled to admit that he was friendly with the two latter. After long reflection, he acknowledged that he had once been arrested in New York for street fighting and had received a suspended sentence.

Cross-Examination Promises to Be Long

In his direct examination witness Healy had revealed he had known of a secret 5,000-man Italian organization and Attorney Healy asked him why he had not informed on this group. The witness replied he didn't know why. He then denied that he confined his spying to Irishmen.

Cross-examination of witness Healy promises to be long and exhaustive, largely because the testimony offered by him in the early days of the trial will decide the fate of the 17 accused. If the jury believes the witness's allegations, the defendants will receive large fines and long prison sentences.

In his first two days on the stand, Healy, in response to questions from U.S. Assistant District Attorney T. Vincent Quinn, read a weird, fantastic tale of plots and counterplots from a little brown book in which he had written down the alleged conversations and alleged acts of the defendants over a period extending from last Summer to a few days before their arrest in the middle of January.

Made Friends With Some of Defendants

Healy told the court how he had become interested in the organization of the defendants last August, through defendant Ernecke, a fellow Guardsman, who told him about its principles and aims. Calling up the F.B.I., he was instructed to investigate the organization and Ernecke, unaware of his friend's position, introduced him to the various defendants and gave him a membership blank.

Healy, according to his testimony, then wormed his way into the confidence of several of the young men, and took part in meetings of the mysterious Action Committee. Whatever he heard the defendants say he wrote down in his little book and then showed it to agent Peter J. Wacks of the F.B.I. On several occasions he invited a few of the defendants to his house for dinner and took them down in the cellar where they had long talks just a few feet away from an F.B.I. detectophone, while Government agents listened in from his attic.

The following is a list of the things which Healy contends he heard the defendants plan to do: (1) Overthrow the Government; (2) Set up a dictatorship; (3) Destroy the Communist Party; (4) Sabotage the armed forces in case of war with Germany; (5) Shoot twelve Congressmen; (6) Bomb various Communist Centers; (7) Seize waterworks and public utilities; (8) Make General Van Horn Mosely Chief of State.

Behind The News

Mr. La Guardia and His Budget

AN EXECUTIVE BUDGET of $581,-114,244.88 was filed by Mayor La-Guardia with the observation that it was "conceived in despair, developed in agony and finally came to life completely normal."

The question arises what is $581-million. Well, roughly it is the total income of approximately 475,000 workingmen in our industrial establishments.

In other words, if 2-million, including industrial workers and their families, would deny themselves all their income, and all the workers were fully employed, that income would be needed to carry the burden of municipal government in one city, New York.

But, it is argued that the wealthy pay the taxes. This is unmitigated buncombe. The tendency for the last decade is to shift them from wealth taxes to consumer taxes and that tendency is most noticeable in the Federal Government.

The state, the municipalities and the other forms of local government derive their taxes principally from real estate which finds itself ultimately passed on in the form of rent to the poor.

Two items in the budget are most worthy of attention, namely, the largest two items. Of chief import is debt service, $153,620,293 and, strange to say, the second is direct educational expenditures of $153,-229,819. This does not include $690,-458, a retirement system contribution to the Board of Education, nor the $9,139,106 bill for the City College of New York, nor the $12,588,-090 for the Teacher's Retirement Fund System.

These two direct costs represent nearly 57 per cent of the cities budget. The total educational cost and the debt service amount to $329-million.

There is a strange relationship between the two. If a public educational system was worthy of the name, it would direct its attention to the fundamental problems of interest and taxes.

It is a good American principle, dating from the passage by Congress of the Northwest Ordinance in 1787, to establish schools. That principle is predicated upon the corporate, community responsibility in raising good citizens.

From the kindergartens through the City College of New York it is good to spend money for an educational system. But it would be better if out of that system the thousands upon thousands were taught a pay-as-you-go policy for the leading city of the world and the elimination of the "bite" called interest from the backs of the burdened taxpayers.

Loans?

ACCORDING TO REPORTS just submitted, a British mission is actively engaged in securing credit in America. The log-jammed hoard of wealth in the vaults of our banks magnetizes them.

Shall we Americans complacently observe the Johnson Act being nullified—an act which prohibits certain loans to certain belligerents? Shall cash-and-carry become credit-and-carry, thereby engaging us in the first inevitable step which leads to actual war?

From the Broadcast

The Abuse of Federal Bonds

By REV. CHARLES E. COUGHLIN

Banks Make Handsome Profit on Bonds For Which They Made No Payment

IN LAST SUNDAY'S lecture I produced official testimony to show that the Federal Reserve Banks are privately owned corporations—not governmentally owned. It was also indicated that a Federal Reserve Board consisting of eight men—the Secretary of the Treasury, the Comptroller of the Currency, and six appointees of the President—is constituted as a direct Government control over these privately owned Federal Reserve Banks and, indirectly, therefore, over the local banks which belong to the Federal Reserve System. The Federal Reserve Act, creating the Federal Reserve Banks together with the Federal Reserve Board, was passed *"to provide for the establishment of the Federal Reserve Banks, to furnish an elastic currency, to afford means of rediscounting commercial paper, to establish a more effective supervision of banking in the United States, and for other purposes."* (P. 1, The Federal Reserve Act).

90 Per Cent of Bonds Not Paid for With Cash

The Federal Reserve Act assumes the legality, the morality and the efficiency for the 15,000 or more private banks belonging to the Federal Reserve Banking System, to create money through the process of buying Government bonds at 10 cents on the dollar and of making loans to private citizens—loans on which the banks collect interest on 9 times the amount of currency money loaned to the borrowers.

The 15,000 or more banks belonging to the Federal Reserve Banking System have in their vaults more than $18-billion of Federal bonds which they acquired by surrendering only 10 per cent of the value of the bonds—and this 10 per cent came from the excess reserves of the banks now holding these bonds.

Therefore, 90 per cent of the Federal bonds held by these 15,000 member banks of the Federal Reserve System were not purchased with actual cash. Nevertheless, the banker-owners thereof collect interest on them and profit thereby.

$540-Million Interest on Non-Paid Bonds

Let me put this abstract statement in concrete figures that are more understandable. Before the end of this fiscal year of 1940, the 15,000 banks owning the Federal Reserve System, probably, will have $20-billion worth of Federal Government bonds in their vaults. The bankers will have paid $2-billion out of their excess reserves for this $20-billion worth of bonds. Eighteen billions dollars' worth, or nine-tenths of the Federal bonds, came to the banks without their having made payment therefor.

Now, if at 3 per cent interest, the banks will earn $600-million per year on the $20-billion worth of bonds. This $600-million annual profit through interest is represented by $60-million interest on bonds they paid for, and $540-million interest on bonds they did *not* pay for in actual cash.

In other words, the taxpayers of the nation contribute to the owners of the Federal Reserve Banks $540-million the first year as a fee to the bankers for their having performed the miracle of creating money by a stroke of the pen.

But that is not *all* the profits gained by these private corporations on the 90 per cent of the bonds they possess, having paid nothing for them except 10 per cent of their excess reserves. *That is only the first year's profits.*

Send For Copy of Broadcast

BECAUSE of space limitations, it is not possible for us to present the entire text of Father Coughlin's broadcast each week. However those who wish a copy of the full text may obtain it simply by addressing a letter of request to Father Coughlin, at Royal Oak, Michigan.

THE EDITORS.

Vast Profit Over Period of Four Years

Over a period of four years—the length of a presidential term—what do these profits total? How much will the taxpayers of America contribute to the private bankers for whom it is legal to purchase bonds at 10 cents on the dollar? Not counting the legitimate profit, through interest, which the bankers make on the 10 per cent of bonds for which they actually paid; counting only interest gained on 90 per cent of the bonds for which they did not pay, their profits—without compound interest—will amount to $2.160.000.000 for four years.

However, that is only the beginning of their profits gained on bonds for which they paid nothing. There are at least two uses to which the bankers can put this $2,160,000,000: First, they can use all of that sum, or part of it, to purchase more Federal Government bonds at 10 cents on the dollar, if and when they are issued by the Federal Government. If they use all of the $2,160,000,000, they can purchase another $20-billion worth of bonds which, in turn, will pyramid their profits to astronomical figures. Second, they can use all of the $2,160,000,000, or part of it, to lend to manufacturers, shopkeepers, farmers and home builders at 4, or 5, or 6 per cent interest.

If the bankers choose this latter use for their money, both Federal law and custom permit them to lend 10 times more than they actually have, thereby enabling them to collect 90 per cent more interest on the loans which they establish over and above what they actually loan.

Be it understood by all the innocent or uninformed persons in this audience that bankers loan at least 10 times more currency money or assets than they actually own.

Constitution Gives Sole Right to Congress

All that is unbelievable. Nevertheless, it is the most astonishing fact associated with our present banking system and our present financial system, both of which are predicated upon debt; both of which are predicated upon exacting 90 per cent more interest from the taxpayers and borrowers than is represented by real currency money or assets actually loaned.

As you know, the Constitution of the United States includes the clause that Congress has the right to coin and regulate the value of money and of foreign coin. Despite this constitutional right of the people, through Congress, to issue its own money directly and tax-free, Congress—the representatives of the people—permits the Federal Reserve Banks and their 15,000 owners to issue at least 90 per cent of our money with a tax tag attached to it—*a coupon bearing interest!*

Instead of Congress' issuing the money tax-free in the first instance with a nominal bookkeeping charge of no more than one-half of one per cent, which would be adequate to care for printing, bookkeeping and management, Congress, even in the cases of the Federal Land Banks, of the F.H.A. and of similar Government lending agencies, borrows the money from the bankers who create it and Congress lends it at 3 or 4 per cent to the borrowing citizenry through Government agencies.

All this is so astonishing—so unbelievable—that many innocent persons labor under the impression that the Government created *all* the money; that the banks issued 100 cents on the dollar to borrowers; that the borrowers paid interest only on the currency money they actually borrowed

Banks Not Lending to Private Citizens

The majority of American citizens, not understanding the basic principles of money creation and banking, therefore, were at a loss to explain why there is want in the midst of plenty: why there is a scarcity of available currency money; why billions of dollars are exacted from taxpayers to meet the interest which represent profits made by the members of the Federal Reserve Banking System on 90 per cent of the bonds they hold and which they did not buy with earned currency money.

And the Federal Reserve Act was passed to furnish an elastic currency! The Federal Reserve Act was passed empowering the Federal Reserve Board, among other things, to see that this provision of elastic currency would be cared for.

As a matter of fact, banks are not lending money to private citizens to any great extent. They are not lending it to home builders, to farmers, to manufacturers in amounts they could lend, probably because the high cost of borrowing is prohibitive to the citizens, and the high risk in lending is prohibitive to the bankers whose vaults are filled to overflowing with available money for which they must find some use very shortly. Otherwise, a collapse exceeding that of 1933 *is in the offing for our entire banking structure.*

The banks themselves recognize these facts.

Do Not Confuse Currency With Credit

RECOLLECT ONCE MORE that the Federal Reserve Banking Act was passed to provide "an elastic currency." That it has failed to do so has been obvious since 1920—seven years after the Federal Reserve Banks came into existence — seven years spent in regimenting the financial facilities of this nation to extend $25-billion of loans to the Allies for the conduct of the first World War—loans that, for the most part, have been repudiated.

I might interject a thought at this juncture relative to currency money. As of March 20, 1940, there was issued for the United States of America $7,599,000,000 of currency represented by the silver coins and the billfold money that you have in your purse. Possibly more than $2-billion of that amount is in hiding—in safety deposit vaults or in foreign banks. It is estimated that not much more than $5,000,000,000 is in actual circulation in America and in the vaults of the local banks. Keep that point clearly in mind. Do not confuse currency money with bank deposits, with resources, or with credit money.

Although actual currency money in circulation or in banks does not amount to much more than $5-billion—the balance of the $7.599.000.000 being hidden or out of circulation—five New York banks alone have deposits of $10,268.472.000; one bank — the Chase National Bank—has deposits in excess of $3-billion, and this in times of depression.

Permit me to read for you an excerpt from the "Congressional Record" of April 5, page 6186:

"The Chase National Bank of New York reports that its deposits on March 30 were $3,060,768.704 — a new world's record for a commercial bank.

"It is not, unfortunately, a record to be viewed with satisfaction. The reports from banks in many cities, showing deposits at higher levels than ever before, are more exact than the estimates of men unemployed, but hardly less disturbing. For a large proportion of these dollars are unemployed dollars . .

"The unemployment of men and the unemployment of dollars are twin problems, and every needless obstacle to the employment of dollars is an obstacle to the employment of men."

We Have No Elastic Currency for Business

The Federal Reserve Board — the Government watch-dog appointed by the President of the United States—is empowered to control not only the Federal Reserve Banks directly, but, indirectly, the Chase National Bank and all the member banks of the Federal Reserve System. It is empowered to supervise the activities of these banks, directly or indirectly, to the end that these banks will furnish an elastic currency.

The fact is, *there is no adequate elastic currency* to conduct the business of this nation, languishing in want despite the plenitude surrounding us. The fact is, in my opinion, the Federal Reserve Board is more interested in directing the banks to purchase the Government debt at 10 cents on the dollar. More than 30 per cent of the total resources of the 15 largest banks in New York City are used for that purpose.

Now granting that the billions of debt dollars represented in bonds held by the banks; granting that they were created for productive purposes even though some of them were spent to plow under cotton, slaughter pigs, pay bonuses for not producing, to great land-owning corporations like the Metropolitan Life Insurance Company, and pay less-than-living wages to the poor, uninformed, unorganized victims of the financial depression who labored on the W.P.A.; granting all this, let us not forget that these billions upon billions of debt dollars represented in bonds held by the banks cost the banks only 10 cents on the dollar.

Is it not a new kind of usury to obligate taxpayers not only to liquidate the principal of some of these bonds but to pay interest on 90 per cent of them when the banks got them for nothing—except for a flourish of a fountain pen?

The Situation in India Today

Her Own Rule, Britain's Greatest Danger in India; Russian Invasion Possible

By DR. J. S. BARNES
European Correspondent for SOCIAL JUSTICE

In this, the first of two articles on India under the war, Dr. Barnes explains the peculiar temperament of the Hindu, the temperament that blocks the road to national unity. His next article will treat of the Mohammedan nationalists in India.

"ENGLAND'S DIFFICULTIES make Ireland's opportunities."

This old Irish saying has been adopted since the World War of 1914-18 by the Indian Nationalists. They exploited the difficulties of the British during the World War to obtain liberal parliamentary institutions. They are preparing now to exploit the present situation to achieve national independence or at least "dominion status," which is virtually the same thing.

The British, however, are not greatly preoccupied by the nationalist agitation. For the present there is indeed only one immediate danger to British rule in India, and that is an invasion of India through Afghanistan by Russia, organized by Germans and backed by German motorized artillery, a powerful air force and German technicians.

Such an invasion is not impossible, if the Russians could be induced to undertake the adventure with German co-operation. I will deal with this possibility in a second article, together with the nationalist aims of the Mohammedans of India. Here I will deal with the situation as distinct from this danger, namely the aims and methods of Hindu Nationalism and the strength and weakness of British rule.

India, Not a Nation, but a Continent

It must never be forgotten that India is not a nation but a continent. If, like Europe, it possesses a certain cultural unity, it is divided like Europe into a number of diverse peoples speaking, in fact, no less than 200 different languages.

The total population numbers about 380-million, the vast majority of whom are wretchedly poor, oppressed by money lenders, underfed, ignorant, illiterate, superstitious, passive victims of the caste system and of the Hindu religion—tending to efface personality—and debilitated by endemic diseases. The vocal part of the population is consequently a small minority and they are divided against themselves by race, language, religion, education and caste, as well as by conflicting interests.

Thus the British have to face only a tiny minority of strong nationalist opinion. They can apply successfully the old Roman adage: *divide et impera*. Moreover, they have many powerful allies among the Indians themselves: the autocratic Princes of autonomous native States, whose power and position depend on the continuance of British predominance; the big landowners, who rely on the British to defend them against the growing agrarian agitation, which is bound up with the nationalist movement; the big Indian capitalists, whose prosperity depends on law and order which the presence of the British alone secures, and the large class of Indians who live by the highly paid and highly honored appointments in the civil service.

In these circumstances it is not difficult for the British to maintain their ascendancy—all the more so because the *main purpose* of British rule is strictly commercial.

British Have Little Interest in Social Justice

The task of uniting the Indian peoples, of raising their standards of life and of promoting social justice involves tremendous problems; but the British, with a few individual exceptions, are not particularly concerned with this task. They are concerned with money-making. To this end they already are prepared to share their wealth with Indian capitalists and to make concessions to Indian nationalist sentiment, provided these concessions do not go so far as to compromise law and order.

Gone, however, are the days when the making of wealth was an individual adventure, when master and servant knew each other in a more or less human, personal relationship. It has become an anonymous exploitation of the moneyless.

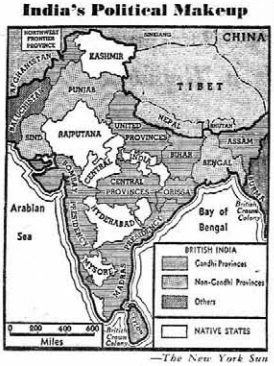
Yet there is no doubt that if the Nationalists succeeded in freeing India from the British, chaos and internecine strife would ensue. India would cease to be a political unity. Blood would flow, commerce would become precarious and vast sections of the people would suffer terribly.

May See Renewed Passive Resistance Campaign

The chief nationalist party is the "Congress," which is inspired still by the leadership of Gandhi. It is probable that before long we shall see a recrudescence on a larger scale than ever before of the civil disobedience movement, which Gandhi invented as a means of wringing concessions from Britain. This would embarrass the British and the prisons of India would once again become full to overflowing.

By itself, however, civil disobedience is impotent to end British rule. It might force the British to make further concessions in the way of parliamentary democracy, but the British know perfectly well that parliamentary democracy is a sham. It appears to grant self-government, but no system lends itself so well to hidden control from behind the scenes.

India's Political Makeup



—*The New York Sun*

The power of finance, of patronage and of linked-up vested interests are the chief weapons now by which Britain controls the destinies of India, and as long as the King of England remains Emperor of India, the British intend to maintain their hold on India at the center and to see to it that these weapons do not grow rusty.

Hindus Sympathize More With Britain Than Nazis

Unfortunately for the Hindu Nationalists, the great majority are dreamers. They are dupes of all the "popular frontist illusions." They believe in democracy, in parliamentary institutions, in talk. Their leaders are happiest when they feel themselves sitting (*quando si adaggiano*) as ministers in a popular assembly. They love to ape the customs of parliamentary England and to puff themselves up with the pride of office. The League of Nations is their ideal home, and because they are demoliberals and anti-imperialists, they hate Fascism and Naziism.

Consequently they sympathize in this war with the cause of their masters much more than with the cause of their master's enemies. They hesitate to play into the hands of Germany, Russia or Japan. They dread falling from the frying pan into the fire. Their anti-British activities are accordingly robbed of consistency and are to a great extent paralyzed. Indian politicians indeed are hopelessly immature.

There are, of course, exceptions. There are the terrorists of Bengal, who—perhaps because of the admixture of Mongol blood in their veins—are not afraid of indulging in political assassination. And there are two conspicuous leaders: Jewarlal Nehru and Subhas Chandra Bose, the first a declared Communist, the second with leanings towards Fascism. Both are held in great esteem by members of Congress and wield a lot of influence. But few of their followers share their extreme opinions. They prefer the idealist "non-violence" methods of Gandhi.

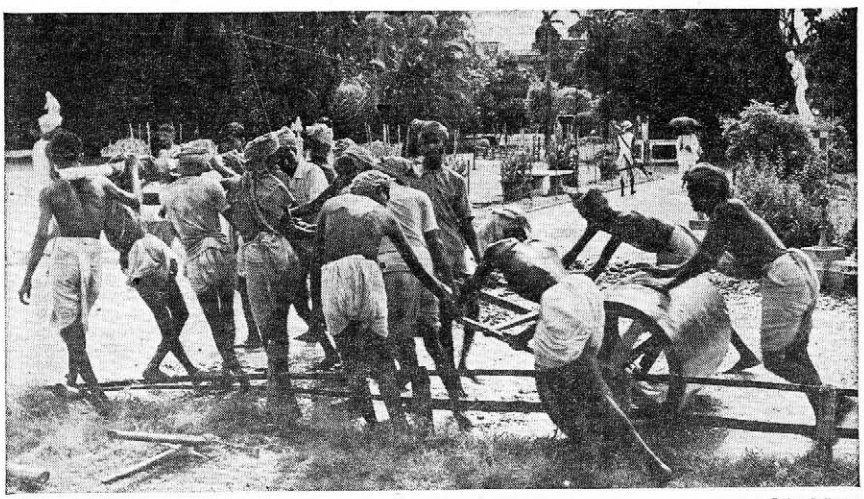
Money Power Is Worst Enemy of Britain

We can sum up by saying therefore, that the chief danger to British rule in India, apart from the possibility of invasion, is not the Hindu nationalist agitator, but the British themselves. Since the British themselves have become the victims of demo-liberalism, they have lost much of their grip. Since they themselves are now ruled from behind the scenes by the money power, India itself has become the Empire of internationalists. True British individualistic ideals have been betrayed and therefore the class of gentlemen who created the British Empire in India has become demoralized.

Indians are taking their jobs. Indian assemblies are robbing them of their individual responsibility for maintaining an efficient and incorrupt administration. They no longer feel that they are working for the wealth and glory of Britain. They are consequently becoming more and more the soulless tools of an exiled bureaucracy working for the material ends of financiers, many of whom are only nominally British if they have any names at all.

This means that the best Englishmen are less and less seeking careers in India. India no longer provides many opportunities for self-expression. Most of those who now go there, go indeed only for the sake of drawing high salaries with the opportunity of returning to England while still comparatively young men with a pension and honors (*commendatizie*). Their spiritual life is no longer in India but nostalgically at home.

Great empires cannot for long be maintained in this spirit. They can continue only by virtue of the momentum generated by the energies of a more virile generation and by the ineptitude of their subjects.



—*Ewing Galloway*

BRITAIN'S DISREGARD for the nationalist aims of the Indian peoples, such as the native Calcutta coolies pictured above, is one reason for the virtual serfdom found in the vast lands of India—home of 380-million.

AMERICA: Democracy or Republic?

Although Referred to as a 'Democracy,' the United States Still Is a 'Republic'

IN THE COURSE of events, it is not the dictionary editors who determine the usage of words, but the people themselves. Popular usage, in every case, determines just what a word shall mean.

It may be that the people will decide that the United States is a "democracy," and, when they do, they will have reversed all prior conceptions of that word "democracy."

The Definition of Democracy

Fundamentally, democracy is that form of government wherein the sovereign power is vested in the people and exercised directly by the people.

We had democracy in the New England Town Meeting of Colonial days. We had a representative form of government, the day in 1619 when the first Virginia House of Burgesses was assembled, for the theory of the republic is that sovereignity is vested *in the people* but exercised by the people through their *representatives*, and not directly by the people themselves.

In the loose speech of today, the word "totalitarian" is applied indiscriminately to a Fascist, a Nazi or Communist, while the word "empire" is being rapidly dropped from the vocabularies of the people. In the place of "empire" and "republic" is the term "democracy," indiscriminately applied to the United States, which was never a democracy, but always a republic. It is applied to the British Empire and to the French Empire.

A gentleman from Fort Wayne, Indiana, by the name of Frank S. Boyers has taken the pains to study the use of these words "republic" and "democracy," and the result of his excursion into the usage by great Americans has been incorporated in the *Congressional Record* of March 25, 1940, through the courtesy of Congressman George W. Gillie of Indiana.

Constitution Guarantees 'Republican' Government

Mr. Boyer points to the Constitution of the United States which guarantees to every state in the union "a *republican* form of government."

He quotes the language of Thomas Jefferson: "We are all *republicans*," and then goes on to quote the language of the presidents starting with Washington and ending with Theodore Roosevelt.

George Washington: "The destiny of our *republican* model of government."

John Adams: "A government in which the executive authority" (meaning the President) "as well as that of all the branches of the legislature, are executed by citizens selected at regular periods by their neighbors to make and execute laws for the general good."

'Republican' Principle of Equal Rights

Thomas Jefferson, "Let us, then, with courage and confidence, pursue our own federal and *republican* principles, out attachment to union and representative government."

President Madison spoke of "our *republican* institutions," . . . "this rising *Republic*" . . .

John Quincy Adams talked of "our happy condition under a Constitution founded upon the *republican* principle of equal rights."

Andrew Jackson said: "The eyes of all nations are fixed on our *Republic*."

Van Buren talked of "the earliest and firmest pillars of the *Republic*," . . . "the power and influence of the *Republic*."

President Harrison spoke merely of "a simple representative democracy or *republic*."

James K. Polk spoke of "the infancy of the *Republic*," . . . "the ends for which our *Republican* Government was instituted."

Daniel Webster: "The Chief Magistrate of a great *Republic* died suddenly," . . . "and those grand and imposing rites which the *Republic* confers on the most distinguished of her sons."

Franklin Pierce said: "I have been called, for a limited period, to preside over the destinies of the *Republic*."

James Buchanan said: "Public virtue is the vital spirit of *republics*."

Abraham Lincoln and President Grant

Abraham Lincoln: "The principles of true *Republicanism*," . . . "the sheet-anchor of American *Republicanism*," . . . "the Fathers of the *Republic*," . . . "the history of the *Republic*."

President Grant's words were "our own great *Republic*, . . . under our *Republic*."

James A. Garfield said "the new *Republic* was beset with danger on every hand; . . . our own little children will soon control the destinies of the *Republic*."

Grover Cleveland spoke of our "Constitution launched by the founders of the *Republic*; . . . the inspiration of our faith in the *Republic*; . . . The prosperity of the *Republic*; . . . prudential economies which are best suited to the operation of a *republican* form of government."

'The Republic' Has Marched On and On

Benjamin Harrison referred to "equipping the young *Republic* for the defense of its independence."

William McKinley referred to "our full duty as citizens of the great *Republic*; . . . spoke of the fact that in a *republic* the people must not be illiterate, because illiteracy is "a grave peril to the *Republic*"; and "the trust imposed upon the Chief Executive of the *Republic*; . . . the builders of the *Republic*; . . . the *Republic* has marched on and on."

Theodore Roosevelt appreciated "the tasks set before our fathers who founded and preserved the *Republic*," and "a lofty ideal which made great the men who founded this *Republic* in the days of Washington, which made great the men who preserved the *Republic* in the days of Abraham Lincoln."

Political Parties Switch Platforms; Democrats Now Hold Republican Beliefs

IN WRITING the history of political parties in America, the historian traditionally tells the tale of the Whigs and the Tories of Colonial days, which were mere reflections of the political parties of Old England.

If the historian be well informed, he recognizes the rise of a new political party in "The Patriots" whose platform was that historic document known as the "Declaration of Independence."

He may step from the trying days of the Revolution into the critical period under the "Articles of Confederation" to the days of the new party alignment into Federalists and Anti-Federalists — those who supported adoption of the new constitution and those who opposed its adoption.

With the issue fairly settled by the acceptance of our fundamental law, the historian notes the rise of the Republicans or Democratic-Republicans under the leadership of Jefferson in the political revolution of 1800.

Chiefly Concerned With Two Major Parties

With the downfall of the Federalists and the continuation in power of Jefferson's party, he will note, after the War of 1812, the decline of political controversy in the days which have been termed "The Era of Good Feeling." Then he will skip lightly over the period of "personal politics" with Jackson, Calhoun, Clay, Adams and Webster as the leaders, and tell of the rise of the Whigs and the battle between them and the Jacksonian Democrats.

He follows on through the decades covering all minor parties until he comes to the rise of the Republican Party. He pays little attention from that time until today to third parties.

He may mention La Follette in 1924 and the Union Party in 1936.

The historian will present in detail the great issues, the historic issues, which distinguish the two principal parties.

Parties Keep Labels; Switch Philosophies

Commencing seven years ago he has a greater task in realigning traditional party history to the point where, coupled with the decline and fall of the old parties and the rise and development of two absolutely new ones, the historian's real part is to take practically all that he ever knew about the Republican Party and transfer it into a description of the traditional Democratic Party and, conversely, take all he ever knew about the traditional Democratic Party and label it Republican.

The traditional Democratic Party from the days of Thomas Jefferson and Andrew Jackson down through the years stood for state's rights. The traditional Republican Party from that day under the oaks at Jackson, Michigan, to 1932 stood for a strong centralized government.

The traditional Democratic Party stood for the strict interpretation of the Constitution, while the Republican Party proclaimed the broad interpretation of the enumerated powers of the Founding Fathers.

The traditional Democratic Party was jealous of strengthening the executive power, while the traditional Republican Party, after reconstruction days, reinforced the Executive hand by strong grants of power.

Congress Abdicates Its Proper Place

Today, all is changed. All is reversed. The enumerated powers of the Constitution, as laid down by the Founding Fathers and protected by the influence of the Democrats throughout our history, have become, through liberal interpretation, the carriers of centralized power to such a degree that Cleveland, McKinley, Theodore Roosevelt or Taft would not recognize the government today.

But beyond the loose interpretation of the enumerated powers, Congress in the last seven years has virtually *abdicated* its constitutional position as an independent and equal entity in our tri-partite form of government. By the theory of permissive legislation, it has attempted to pass on large grants of legislative power to the executive.

Nor does the Constitution limit as it formerly did the sphere of Federal power. In 1796, the great fire at Savannah left thousands of sufferers. There was not a member of Congress who did not want to help and there was not one who admitted that Congress had a right to pass a relief bill. In 1847, the bill for relief of the Irish famine sufferers could have had a great and willing majority in its favor but Congress did not believe that it had the power to spend one dollar for relief. In 1872, all Congress wanted to help the victims of the great Chicago fire, but a relief bill was almost universally considered unconstitutional.

How Powers Have Been Stretched

The Wagner Labor Act was passed under the interstate commerce clause. The Wheeler-Rayburn utility act was passed under the inter-state commerce clause. All Federal social and economic legislation was passed under the loose construction of the Constitution.

The truth is that Congress has taken the power to tax and used its first power to raise money to the extent of about $10-billion per year. It has taken the power to borrow and piled up a Federal debt on future generations of $45-billion. It has stretched the inter-state commerce clause, the third power of Congress, to the breaking point. It has used the bankruptcy power first in the case of the railroads, then in the case of the municipalities, then in the case of the corporations and finally in the case of the farmers.

But the power that it refuses to use, whether it be a Democratic or a Republican Congress, is the money power.

Every Party, Once a Third Party

Political parties may rise and fall, but every party was once a "third party." America may be dedicated to a two-party system. Whether those parties exchange their philosophies make little difference.

Consistency may still be "the hobgoblin of little minds, adored by petty statesmen and philosophers." The fundamental fact remaining is this. Neither of the dominating parties intends to use the fifth power given Congress by the Founding Fathers as a solution to America's domestic difficulties. That is the power to coin and regulate money.

Our War Loans of 1914-1916

Lansing Papers Show Dangerous Retreat from Sound Policy on Wartime Credit

In the following documents, detailing the story of our war loans in 1914-16, the reader is able to discover for himself the arguments and pressures used by warmongers and profiteers to involve this country in the blood business. Because of their number and length, the complete series of documents will be presented in two parts. Part II will show how arrangements were made for conversion of credit into cash.

—The Editors

AT THE OUTSET of the first World War, it was felt with ample confidence both in and out of the national Administration, that the United States Government would not make loans to the belligerent nations.

It was recognized then, as now, that money — because it commands everything else—is the worst of all wartime contrabands. Its transfer from one country to another in time of war is fraught with danger. Both sides need it in almost unlimited quantity, and will resort to dangerous means to obtain it.

William Jennings Bryan, Secretary of State in the Wilson Cabinet, stressed the danger of making loans to nations at war in his letter of August 10, 1914, to President Wilson. (SOCIAL JUSTICE, April 15, 1940.) In specific language he told the President that a loaning policy would jeopardize the nation's neutrality.

It is interesting, therefore, to trace the retreat of our Federal officials from the sound principle set down by Secretary of State Bryan. The course of that retreat may be seen in the following documents, taken from the Lansing Papers, recently released by the Department of State.

Documents Tell the Story of Our Loans

"351.51/6: Telegram

"The Ambassador in Germany (Gerard) to the Secretary of State.

"Berlin, September 5, 1914
(Received September 6—3:05 P.M.)

"40. It may not be my business, but I hope Americans will not subscribe to French loan. Germans are incensed at its flotation in America and in present state of hostilities loan very unsafe and I have heard rumor that Germany may not recognize it."

—Gerard

* * *

"851.51/6: Telegram

"The Secretary of State to the Ambassador in Germany (Gerard).

"Washington, September 15, 1914.

"159. Your No. 40, September 5th, also number 108, eleventh.[1] Inquiry has failed to disclose any attempt to float French loan in this country. Press today reports rumor that German loan of fifty millions is contemplated by certain New York bankers. No confirmation of rumor."

—Bryan

([1]Letter not printed.)

* * *

"861.51/78: Telegram

"The Charge in Russia (Wilson) to the Secretary of State.

"Petrograd, October 16, 1914—6 p.m.
(Received 9:18 p.m.)

"67. Count Witte called on me and told me in strict confidence that Russian Government had suggested to him to go to America to raise loan as he is well known there besides being president of Russian financial commission. On account of age and health would prefer not to accept but has told Government he will do so in case decision is made, on two conditions only.

"First, Russia must make commercial treaty with the United States whereby all American citizens, Jews, Christians, naturalized or native, furnished with American passport shall have equal treatment in Russia.

"Second, he must be assured that Russian Government will pass legislation improving social and economic conditions of working classes, as without these two conditions considers chance of securing loan impossible.

"I pointed out difficulty of loan from the point of view of American neutrality. Witte replied that Russia's proposal unlike those of France and Germany. No funds would leave the United States but whole loan would be spent there in purchasing from American manufacturers goods needed in Russia. Transaction therefore very advantageous to the United States."

—Wilson

* * *

"861.51/78

"The acting Secretary of State to President Wilson.

"Washington, October 19, 1914.

"Dear Mr. President: The enclosed telegram from Petrograd (No. 67, October 16, 6 P.M.)[2] is of so much importance that I would like your approval of the draft telegram in reply before sending it.[3]

"It would be most gratifying if a treaty such as is proposed could be negotiated, but even to accomplish this, which would certainly bring much credit to your Administration, as it would be accomplishing the seemingly impossible, it seems to me that we should in no way intimate that a Russian credit loan would be favorably received. I have avoided the subject in the proposed reply. Does it seem to you that it could be possibly construed as an admission that Count Witte's mission would be looked upon with favor by this Government?"

Very sincerely yours,

—Robert Lansing

([2]Supra.

[3]Not printed; for the reply as sent, see infra.)

* * *

"861.51/78: Telegram

"The Acting Secretary of State to the Charge in Russia (Wilson).

"Washington, October 20, 1914—3 P.M.

"39. Your number 67, October 16th, 6 P.M. This Government would view with much satisfaction the negotiation of a commercial treaty with Russia along the lines indicated in the first of the two conditions upon which Count Witte makes his acceptance of a mission to the United States depend. Do I understand that it is Count Witte's desire to come as a special envoy to negotiate such a treaty or that he desires the treaty to be signed before he visits this country?

"Please advise the Department promptly as to any further developments in regard to the subject. It would be manifestly improper for this Government to take any part in facilitating a loan to one of the belligerent governments. It would not be frank to lead Count Witte, whose stipulations as you report them do him so much honour, to expect this.[4]

—Lansing

* * *

"861.51/74½

"The Acting Secretary of State to President Wilson.[5]

"Washington, October 20, 1914.

"Dear Mr. President: I enclose you a copy of a memorandum which was left me today by the Russian Ambassador.

"This is very much like the proposal Mr. Straight[6] made the other day in regard to French Treasury notes, concerning which I spoke to you. Of course I can see that these proposed obligations of the Russian Treasury amount practically to promissory notes, which could be used in paying for supplies purchased in this country.

"This proposition seems different to me from a war loan, so far as its form is concerned, but there is no doubt it is a loan or a series of loans to the Russian Government.

"I told the Russian Ambassador that I would present this memorandum to you for your consideration."

Very sincerely yours,

—Robert Lansing

([4]The last two sentences were added on the draft telegram in President Wilson's hand (file No. 861.51/78½).

[5]A notation attached to this paper reads: "Oct. 22/14. Covered by our conversation. W.W."

[6]Willard Straight, associated with J. P. Morgan & Co.

(Enclosure)

"Memorandum by the Russian Ambassador (Bakhmeteff)

"In consequence of the present situation in Europe our manufacturers are compelled to purchase large Quantities of goods in the United States. The American manufacturers do not sell goods in any other way than cash American port (f.o.b.). In endeavour to help our manufacturers in the matter of payments for the purchased goods and not having sufficient funds in the United States our Government would like to issue short term obligations of the Imperial Russian Treasury (to be issued in dollars). The amount of the issue and the interest rate are to be determined as soon as the Federal Government will declare themselves favourably (not to have any objections to the issue).

"It is understood that this issue will help both sides, American manufacturers as well as Russian manufacturers."

* * *

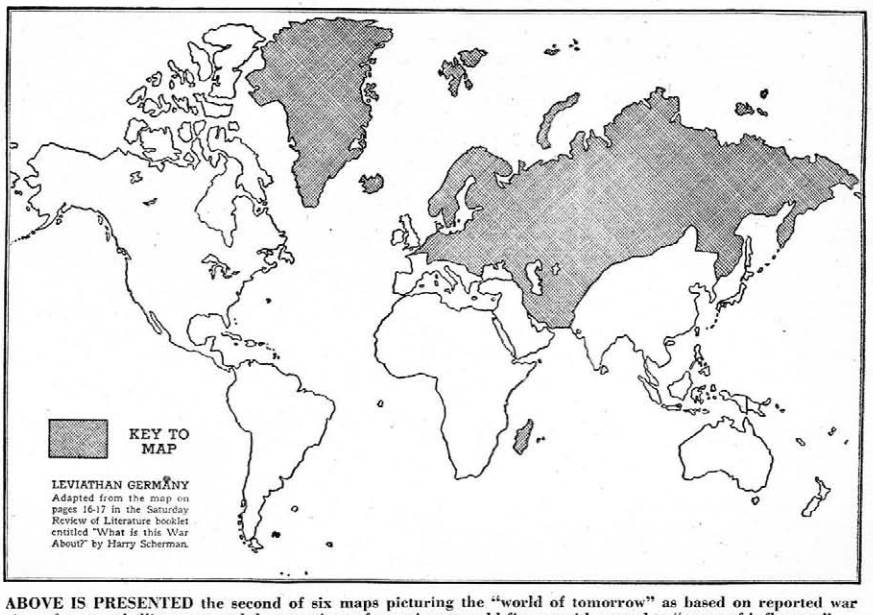
Documents Show Unwillingness to Loan

A study of the above documents leads to the conclusion that official Washington, as late as October 20, 1914, indicated unwillingness or reluctance to make loans to Germany and Russia.

The enclosed memorandum by the Russian Ambassador, referred to in the last document printed above, is noteworthy. It contains the sentence: *"The American manufacturers do not sell goods in any other way than cash American port (F.O.B.)."*

The next article in connection with these documents will show that the United States Government *will arrange for credit, convertible into cash.*

The 'World of Tomorrow' . . . Part II Leviathan Germany


KEY TO MAP
LEVIATHAN GERMANY
Adapted from the map on pages 16-17 in the Saturday Review of Literature booklet entitled "What is this War About?" by Harry Scherman.

ABOVE IS PRESENTED the second of six maps picturing the "world of tomorrow" as based on reported war aims of present belligerents, and the assertions of prominent world figures with regard to "zones of influence."

Great Britain, as shown in map I, is content after 400 years of aggression to freeze the "status quo."

The German Reich, according to Herman Rauschning in "The Revolution of Nihilism," desires a "redistribution" of territory, with the above-charted portion coming under German influence.

A new world war is raging, and war will continue to be the destiny of the great powers until the day when territorial ambitions are reconciled.

'Human Rights Preferred'

True Fabric Bill Aims at Protection of Poor

Schwartz-Martin Measure Would Outlaw Fake Labeling on Clothes for the Poor Man

By Staff Correspondent of SOCIAL JUSTICE

WASHINGTON, D. C. — Man's primary necessities are three—food, shelter and clothing. While much time, thought, and political speech-making have been expended on the first two, little has been done about the third.

Before the House of Representatives at the present time, however, is a measure referred to generally as the "Truth and Fabric Bill." It has for its purpose the protection of the clothes-buying poor man against the unscrupulous manufacturer who labels his garments with false statements as to the fabrics of which they are composed.

This measure passed the Senate, under the sponsorship of Senator H. H. Schwartz, of Wyoming, by an overwhelming majority. An identical bill entered in the House by the late Representative John A. Martin of Colorado, was reported out favorably by the House Interstate and Foreign Commerce Committee, and now awaits a vote on the Union Calendar.

Almost Perfect Example of Legislation for the Poor

The "Truth and Fabric Bill," or the Schwartz-Martin Bill, is an almost perfect example of legislation having for its object the relief of the poor. It typifies the 16th principle of social justice:

"I believe in preferring the sanctity of human rights to the sanctity of property rights. I believe that the chief concern of government shall be for the poor because, as it is witnessed, the rich have ample means of their own to care for themselves."

It is opposed by the highest paid lobby that has been identified in Washington for years.

The great question is the helplessness of the individual in our nation when it comes to picking a suit of clothes or an overcoat.

The clothing of the poor is generally sent out by the great manufacturers at four prices, namely: $6.50, $9.50, $12.50 and $14.50. This clothing retails in thousands of stores somewhat as follows: A $6.50 suit sells for $10 and up, limited only by the conscience of the dealer. The $9.50 suit sells from $15 and up and the up is again limited by the cupidity of the dealer. The $12.50 suit sells for $18 and up and there is no law governing the "up." The $14.50 suit becomes the high-price suit of the workmen of America.

Bill Aims at Protection of Consumer

We are not referring to a little group of highly organized manufacturers of quality clothes with their selected outlets in quality houses, selling quality clothes at higher prices and with national distribution. We are certainly not reflecting on many a house that has standardized retail prices, and through direct distribution has attempted to reduce the normal spread between the manufacturer's price and the consumer's price.

The truth is that we are not concerned with price *per se*. The Schwartz-Martin Bill is interested in one thing, namely, the protection of the consumer in what he is buying. *There is no protection today.*

'All Wool' May Mean 'All Shoddy Wool'

No one knows how much wool there is in a particular garment unless it is labeled "all wool" by a reliable manufacturer. Likewise, no one knows how much shoddy wool there is in a garment labeled "all wool."

The Bill corrects a fundamental condition, an absolute lack of standards in the woolen industry. Opponents of the measure may argue that shoddy wool may be preferable to virgin wool, wool that has not previously been manufactured or used in any way.

Shoddy, as contrasted to virgin wool, consists of fibers reclaimed from worn-out rags, cast-off garments, mill wastes, and other second-hand fabrics made wholly or partly of wool. Such wool already has served its span of life. It is practically dead so far as its essential qualities are concerned.

'Fleecing the Public' Through Inferior Wool

Virgin wool is obviously superior by reason of its retention of its peculiar characteristic. It has a scale-like outer covering and an inside honeycomb structure of tiny cells. It serves as nature's finest clothing insulator against heat and cold and as nature's best repellent of moisture.

When the virgin wool enters the manufacturing process and is used in clothing, blankets, rugs and a thousand other fabrics, it serves its normal life, but not its abnormal life in the great American sport of "fleecing the public."

When textiles are discarded and the old rags are collected, the fibers are found to be ripped, broken, shredded, split and frayed through use. They have deteriorated by normal wear and service.

In admixtures of rayon, cotton and other fabrics, strong acids are used in a separation process which further destroys the wool. The original structural formation of the wool is broken down. Its tensile strength is reduced practically to nothing. Its repellency and wearability are gone. Its insulation qualities are *nil*, and the substance for which it once was perfect has been lost, although the appearance may remain.

Cannot Blame Retailers for False Labeling

For every pound of wool sold to the American public, 1-2/10 pounds of shoddy cotton and rayon are used and passed on as wool. The retailers are not to blame, for not 10 per cent of the retailers of the country *know what is in a suit of clothes or an overcoat.* The admixture of wool with cotton, rayon and shoddy wool takes place in the manufacturing of cloth. The manufacturer knows the formula of deception and unless he passes on the right information, the retailer cannot know how to represent his goods to the consumer. Consequently, the only correction for the present fraud is *compulsory truthful labeling.*

There are a great many uses for combination products preferable to pure wool; for example, blankets, summer clothing, undergarments, dresses, stockings and innumerable pieces of wearing apparel. The drive is not a drive for *wool* as against its competitors. The Schwartz-Martin Bill simply provides that a garment sold as wool shall bear a definite percentage of wool. It further distinguishes between *virgin* wool and *shoddy* wool.

During the last year the importation of rags from Ethiopia in quantities unparalleled since the beginning of the textile industry in the United States suggests that the next "Easter Parade" may find the "Alice blue gown" with a heavy mixture of shoddy wool from the pants of one of Haile Selassie's buck privates of 1935.

Craftsmen Formerly Protected Product

In medieval days the standards would be set by the master craftsmen of the guilds. Now the master craftsman is seldom found outside the advertising pages of the national magazines. There are no guilds today.

After bitter battles, the American public has been protected from adulterated foods. Much has been accomplished in the pharmaceutical field. Progressive states have protected children through child labor legislation. Compulsory education is the byword of America. Even the Federal Housing authority has set up standards for the home. Clothing remains, next to food, one of the three necessities of life.

No question arises as to the justice of the Schwartz-Martin Bill. Is the protection of a little group of dishonest manufacturers who refuse to label their products more to be desired than protection of every man, woman and child in America? The House of Representatives will decide as it votes on legislation perfected centuries ago by the artisans themselves, yet today challenging the integrity of our form of "democracy."

'Census Time in Europe'

—Chicago Daily News

Not Enough Cash to Cover Figure Listed by Banks

NEW YORK, N. Y.—The problem faced by the banks of Wall Street —with limited demand for bank credit on one hand, and the need of employing swiftly-mounting deposits on the other—is treated sympathetically in the *New York Times* of April 7.

Edward J. Condlon, writer for the *Times*, in studying the 15 largest banks in the financial district, found that while deposits rose 5-9/10 per cent in the first quarter of the new year, loans and discounts declined. At the same time additional cash jumped 9-6/10 per cent.

The increased deposits reflect the heavy gold imports "and other efforts of Allied governments to increase their dollar balances in order to finance war purchases in the United States."

Deposits in the 15 banks, according to Mr. Condlon, reached a new peak of $15½-billion. Cash aggregated $7,172,860,000, including bullion abroad and in transit.

The latter figure is equivalent to all the currency in circulation in the United States, according to recent Treasury statements.

It is well for depositors in local community banks to read the statements issued by the heads of these same banks. It will be noted that seldom, if ever, will a "cash" item be found listed in the statement. The language employed almost universally, in the preparation of bank statements, is "cash on hand," or due from banks."

Such a listing, of course, affords considerable leeway, as against the restrictions contained in the simple listing of "cash."

It would be interesting to have the 15 leading banks of New York count out $7-billion worth of cash. There simply is not enough currency in the land to agree with the Treasury statement listing of "money in circulation."

Guild Series No. VII

The Guilds of Italy

Guild Gifts to Democracy and Republicanism Mostly Overlooked by Today's Historians

By LOUIS B. WARD

Editorial Director of SOCIAL JUSTICE

Mr. Ward's seventh article on the ancient guilds explains the contributions to art, society and politics made by the guilds of Italy, the guilds that gave rise to Raphael and Michaelangelo, among others.

THE ORIGIN of the guilds of Italy is clouded in the mists of the earliest history of Rome. To Numa, the Lawgiver, is attributed the foundation of the first corporations. *Collegium* was the Latin word used for all corporations and the *Collegia Opificum* was the trade or artisan guild, which, at the dawn of Roman history, was associated with a particular worship and, consequently, regulated by the *Jus Divinum*.

Later the principle of the private association was recognized by the State in the formation of other corporations called *Sodalitates*. Such corporations were recognized in the Twelve Tables of the Roman law as existing for religious purposes solely.

In early Rome, the Weavers, the Fullers, the Dyers, the Shoemakers, the Doctors, the Teachers and the Painters were recognized guilds which constituted the cult of Minerva, the Roman Goddess of Wisdom and the deity of the handicrafts or artisans. Plutarch mentions the Flute players of the cult of Jupiter which also included the Smiths, the Goldsmiths and the Tanners.

Political Groups Appear, Modeled After Guilds

Yet the principle cult was that of Minerva where a temple was erected on the Aventine and that temple was not only a religious center for worship but the business headquarters of the Roman State.

By the time of the Second Punic War the guild of the Poets was meeting there, and by the time of Cicero political groups, modeled after the guild corporations if not their outgrowth, came into existence under the name *Collegia Sodalicia* or *Compitalicia*.

There were nine great guilds in ancient Rome. Throughout their early history they were not separated, but rather were merged into a common association or mother guild embracing the principal arts.

These guilds were divided into public and private guilds. The Bakers, the Pork butchers and the Suppliers of lime for the public works were organized as public guilds with their members receiving fixed salaries from the State.

The Merchants, the Physicians and the Teachers guilds were examples of private guilds as were the workers in textiles, particularly wool.

Obscurity Surrounds Much Concerning Roman Guilds

Nor were the early guilds of Italy all craft guilds. With the growth of caravan trade from the east, merchant guilds were formed at Venice, Genoa, Milan, Verona and Pisa. These were well developed by the Tenth Century and formed a mother guild termed *Mercanzia*, which later was naturally divided and split into the craft guilds, under one common association or corporation, however.

By the Fourteenth Century, 13 separate and distinct arts constituted the *Mercanzia*.

There is no fixed picture of the Italian guilds that will apply to all Italy. The ancient Roman guilds continued at least until the time of the barbarian invasion. It is a moot question whether they endured through the invasions and underwent changes and modifications with the new order, or whether under the new order there was a rise and growth of new guilds. Documentary history bears little testimony on the point and speculation has run riot concerning the true history of the post-barbarian centuries.

Farmers and Drapers Pre-Eminent in Rome

What we do know is that the guilds varied in their prominence in different great cities of Italy. For example, in Rome the Farmers and the Drapers were pre-eminent, while in Venice and Genoa the outstanding guild was that of the Merchants. In Florence, where the guilds were highly perfected, there were 12 distinct associations divided into the major and minor guilds. The major guilds in order of importance were: Judges and Notaries, the Drapers, the Bankers, the Wool manufacturers, the Physicians and Apothecaries, the Silk manufacturers, and the Skin drapers. These, we repeat, were the major guilds.

The five minor crafts in the order of their importance were the Blacksmiths, the Bakers, the Shoemakers, the Carpenters and the Retailers of wine.

In Italy, as in England and France, the guilds of the Middle Ages were corporations practising the corporal and spiritual works of mercy. That idea of group responsibility for the individual misfortunes of the fellow worker was imbued throughout the artisan class in the Middle Ages wherever Christianity was practiced in Western Europe.

The Great Contribution of the Benedictines

The work of the world was being done within the monastery walls under the great Rule of St. Benedict. Benedict of Nursia had recognized that the reform of morals and the reform of society necessitated a social approach to a social problem. In the 72 chapters of his Rule he had patterned the monastic life on the virtues of the family life and upon the precepts of the Gospels.

The great Bossuet described Benedictine monasticism as follows: "This Rule is an epitome of Christianity, a learned and mysterious abridgment of all the doctrines of the Gospel, all the institutions of the Holy Fathers, and all the counsels of perfection . . ."

Outside those monastic walls were the workmen of the Christian centuries, the workmen of the Ages of Faith, living in the normal Christian individual family life and carrying out, to an extent unknown today, the precepts of the Gospel through the medium of the guilds.

The Italian guilds were self-regulatory but no historian would dare treat them as were the guilds of England and France treated. There are certainly no general laws which marked their establishment or conduct. They had certain basic principles in common. For example, throughout Italy was the same system of masters, journeymen and apprentices.

Florentine Guilds Gave Much to World

Yet, the very independence of Italian cities and the decentralization of what we call Italy found reflection in the different constitutions of the guilds of the various provinces and cities. For example, Tuscany had never been subjected to the feudal system.

In 1266, after the battle of Benevento, came the rise of Florence and, by the year 1282, we find the establishment of the *Priori Dele Arti* and the establishment of the *Arti Minori*, groups of artisans which have made an immeasurable contribution to the culture of the world.

The guilds of Sienna were dominated, not by art, but by politics and actually took the government of the city into their hands.

The Contest Over Lay-Investiture

The tremendous influence of an Italian guild is illustrated by the story of Florence. In the eleventh century, Boniface of Canoss was the Marquis of Tuscany whose area extended from the river Po to the border of Italy. Boniface died in 1052 and the Margraviate passed to the Countess Matilda who ruled Tuscany for 40 years.

In the great wars of the investiture controversy, Matilda took the papal side, or Guelph, against the Emperor or the Ghibellines. She personally lead the armies of Tuscany and ruled the province together with her nobles, judges and lawyers who formed the *Boni Homines or Sapientes*. In her absence as head of the armies they became accustomed to give judgment without her.

Florence was, of course, the leading city and extremely loyal to Matilda.

Florence had considerable commerce and was bitterly opposed by the nobility of the surrounding hills, a nobility which followed the Emperor in the investiture contest because of their Ghibelline sympathies. War became common between Florence and the surrounding country. The cities loyal to Matilda knew that strength lay in organization and the artisans of Florence together with the artists organized themselves into closed corporations called *arti*, or guilds.

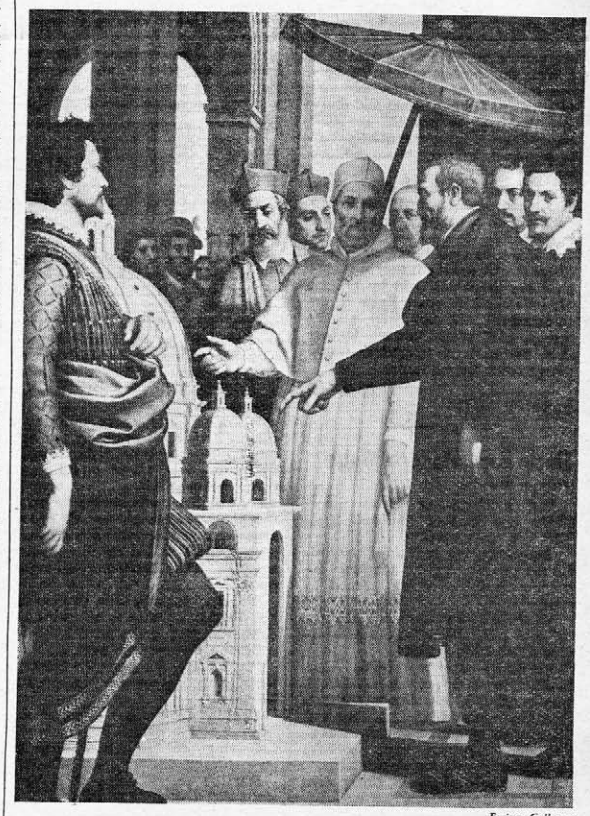
Guilds Became the Foundation of the State

With the death of Matilda in the year 1115 the *Boni Homines* continued to rule but they ruled in the name of the people and the guilds, under the new republican form of government, became the *commune* and the foundation of the state.

While such events were occurring in Florence, the guilds of Artists were being established in Sienna, Pisa and Venice.

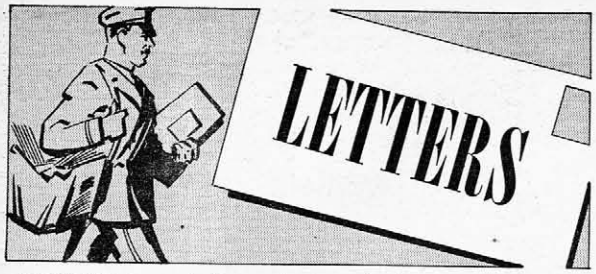
In the 13th Century we find at Florence the following corporations, in the year 1212 for example: The sculptors, the stone-cutters, the carpenters, the cabinet makers, the painters, the goldsmiths and the masons. Yet, even at this time, there was

(Continued on Page 18)



—Ewing Galloway

MICHAELANGELO, the celebrated Italian artist, is a typical product of the Guilds of Italy. In the above scene by D. Cresti, which appears on the walls of the Gallery Buonarrate in Florence, Michaelangelo appears with Pope Paul IV.



(SOCIAL JUSTICE aims to make this page a free forum and readers' opinions are invited. Naturally, the views expressed are not always those of this magazine. We cannot guarantee that contributions sent to SOCIAL JUSTICE can be returned to the writers. Letters not signed with the writer's name and address cannot be considered, although the name will not necessarily be used. We reserve the right to publish all letters received unless contrary instruction is specifically given.)

Interest Racket

TO THE EDITOR:

I have read with much interest the articles on "Interest" in SOCIAL JUSTICE by Louis B. Ward.

Very few of us have any idea of the great importance that interest plays in our everyday lives.

Our interest-collecting money system is the biggest racket under the sun. This system is a breaking down instead of a building up progress. For instance, the interest we now pay on our national debt would build one million homes in a year, worth $1,500 each. In ten years it would build ten million such homes. If it were not for this interest charge the number of home owners would be increasing every year instead of decreasing.

This interest money is collected from the meager earnings of the poor and paid over to the issuers of fountain pen money. Under this money system we, as a nation, produce billions of dollars worth of new wealth every year while at the same time we go deeper in debt.

What did we get for the billions of dollars of debt that the New Deal has made for us? Instead of getting richer for working our heads off we are getting poorer every year.

With this money system we borrow 100 per cent of money into circulation and bet our homes and property that we can pay 107 per cent back. Where this 7 per cent of money is supposed to come from no one knows.

In Washington they still believe that borrowed money will hatch new dollars with which they can pay the interest.

If Congress would coin its money instead of borrowing it they wouldn't be going deeper in debt by billions of dollars every year. Even if the Government did not coin all its money, if it coined enough to balance the national budget it would get on solid footing again.

—S.F.O.

Brooklyn, N. Y.

Uncle Sam, Modern Midas

TO THE EDITOR:

The similarity of Uncle Sam's plight and that of mythical King Midas is quite notable.

King Midas nearly starved to death because everything he touched, including food and drink, turned to gold.

Uncle Sam has increased his pile of gold from $4-billion to $18-billion since January, 1934.

Nearly everything Uncle Sam touches turns to gold. Nevertheless, one-third of Uncle Sam's 130-million kin remain ill-fed, ill-clad and ill-housed; 10-million of them trudging the highways and by-ways searching in vain for employment.

Such is the plight of Uncle Sam —modern King Midas.

Uncle Sam should adopt fiscal policies by which this tremendous capital of manpower can be translated into purchasing power and self-support.

Instead of issuing interest-bearing, tax-exempt bonds with which to acquire the world's stock of gold, Uncle Sam should issue legal tender currency with which to finance a large program of much needed permanent public improvements and thus give every man and woman, able and willing to work, a full time job at a decent living wage.

Instead of worshipping the golden calf, let us turn our attention to the 10-million unemployed, who under our fallacious fiscal policies are denied their God-given right to earn an honest living.

—S. O. Sanderson
Chairman, Minnesota
Stabilization Council

Rochester, Minn.

Living Annual Wage

TO THE EDITOR:

After reading your article in the April 1 issue on "Who Now Receives a Living Wage," it occurred to me we in New York State have such a group and you might like to hear about it.

There are about 46,000 State employees in the three classes, most of whom can be said to enjoy an annual living wage.

Prior to 1937, conditions as to Civil Service title, salary, duty and promotion lines were chaotic, in spite of previous attempts at so-called "classification." In 1937, our Association secured the passage of the "Feld-Hamilton" Act, Chapter 859 of the Laws of 1937. The law sets up the classes, salaries and increments, and employees have the benefit of individual appeal to an independent "Classification Board" and a "Salary Standardization Board," which respectively classify duties of positions as to titles, and allocate titles as to salary grades.

As stated in Chapter 859 we now have a career system in fact. When written, this law covered only 20,000 in the "Classified" service, the "Exempt" and "Other" classes not being covered, but at present the Governor is planning on bringing the major portions of these two classes under Civil Service entirely and affording them the full advantages of the Feld-Hamilton Act.

The important thing about all this is that it did not just happen. It took the courage and energy of many good people many years.

Started more than 20 years ago with less than 600 members, we can now boast 28,000 paid memberships in 1940, and we expect to have 35,000 before the year ends. Dues are only $1.00 per year; all officers serve without pay; no outside organizers allowed. The C.I.O. local affiliate's attempts to sabotage the Association (their pressure was vicious at one time) was very efficiently smothered.

Today our Association has an envious record in beneficial legislation secured, and commands the respect and co-operation of the Chief Executive, Legislature and Department heads. Since the beginning we have had the services of a Mr. William F. McDonough, Dept. of Agriculture and Markets, who has been a President and is truly a man of Christian ideals.

Looking back at what I have written, you can easily see my advice to any group of employees would be to look first to their leaders. In them lies the secret of success.

—E.P.F.

Albany, N. Y.

Need New Declaration of Independence from Great Britain

TO THE EDITOR:

With the list of England's usurpations against us ever growing longer, drawing us daily nearer the web of European chicanery, it is time another declaration of independence was presented to the American people. With all respect for the original great document of Thomas Jefferson, I apologize to his memory for the following:

When, in the course of human events, it becomes necessary for one country to defend its declared neutrality unless endangering that country in foreign wars, a decent respect for the opinions of mankind requires that the people should be told of the grievances and violations committed against the laws set up to maintain isolation from European embroilment.

We hold these truths concerning the British Empire to be self-evident; they are guilty of:

Seizing of American mail.

Placing an embargo on our tobacco, thereby putting our planters on public relief.

Limiting the amount of cotton we can sell to the British Empire.

Forcing other countries, such as Argentina, to discriminate against us.

Holding our shipping in control ports for weeks at a time with a great loss to our merchants while Italian ships and others pass through in a comparatively few hours.

Endangering the lives of our seamen by forcing captains to take their vessels in danger zones forbidden them under our declared neutrality.

Blacklisting certain American exporters without public reason.

Flooding our country with speakers and literature intending directly to mislead the people about the truth of foreign complications.

Threatening our exporters with seizure of cargoes shipped to Europe.

Reply with a curt "no" to the 300-mile neutrality zone established to keep the western hemisphere safe from war in home waters.

Encouraging us to put an embargo on Japanese goods and then making trade treaties with Japan to profit from our former business.

Ignoring the policy of the Monroe Doctrine.

Contemplating control ports in Western Canada to intercept our trade bound for Russia while His Majesty's government sells that country the same merchandise, thereby increasing his markets at our expense.

"In every stage of these oppressions we have petitioned for redress in most humble terms: our repeated petitions have been answered only by repeated injury."

This is but a partial list of the many violations of our neutrality and nationalism. "The Declaration of Independence 1940" could not be complete without including the abuses this country has suffered from Great Britain throughout the 164 years of our freedom from that Empire.

—Michael Domini

Minneapolis, Minn.

The Transit Strike

TO THE EDITOR:

I read an article in this week's SOCIAL JUSTICE concerning Quill and the Transit Strike in New York City.

I will try to give you a few facts as briefly as possible. Eighty-five per cent of the employees of the I.R.T. and B.T.M. are Irish Catholics. For years working conditions in those two lines were terrible. Company union, spy intimidations, layoffs and framed-up charges were the order of the day. What could we do about it? To complain meant dismissal and a "wind-up" in the bread lines.

In 1932, Judge Manton, who valued justice in dollars and cents, appointed Murray and Dooling as receivers. What did those two great humanitarians do as soon as the money changers cracked the whip? They laid off 5,000 seasoned employees to go out and sell apples on the street corners of New York, a field that was already overcrowded. They permitted little children to feel the pangs of hunger because Wall Street so decreed it. Is it any wonder we looked for leadership? We were frantic. Everyone of us expected to be the next to get the pink slip.

Now comes unification and you are well aware of the facts concerning it. There is a deficit of $11-million. To make this up so the bankers get their pound of flesh, the Second and 9th Avenue "Els" must come down, again sacrificing the jobs of 2,800 men.

To demolish the "Els" meant to use the subways, already overcrowded. On record before the Board of Estimate is testimony of witnesses who said young girls were insulted in crowded cars, but still our officials turned a deaf ear to the pleas of mothers.

On March 14 a picket line was strung around the New York City Hall, and whom do you think led the parade — Quill, Curran, Began, Ryan. In his speech, Mr. Quill said: "Before one man loses his job or even a rivet is removed from these structures, we will give them a fight to remember the rest of their days."

I am not in a position to judge Quill, let him be red, black or blue. We transit workers are behind him 100 per cent.

I am a World War veteran and hate Communism and everything it stands for. However, I am afraid we will have to string along with what we have until we find something better.

—J. McS

New York City

Political Promises

TO THE EDITOR:

It is now seven years since the money changers were to be "driven from the temple." That was the promise made by President Roosevelt when he came into office. But today a privately-owned bank — an octopus with 12 heads—is more thoroughly entrenched than ever. Political promises vanish like dew on the grass.

Also, the trip to Europe of Sumner Welles is similar to that of Colonel House during Wilson's administration. To me "secret diplomacy" disregards the Declaration of Independence and disrespects the warning of George Washington on foreign entanglements.

Let us be mindful of unreliable promises. Remember the slogan, "Vote for Wilson; he kept us out of war." Did he? Mr. Roosevelt promised to drive the money changers out of the temple, but failed to keep his promise. Is his promise to keep us out of war more reliable? I say, let us consider carefully that promises made and not fulfilled are worse than none at all.

Herman Rupp

Fond du Lac, Wis.

Against Gold Standard

TO THE EDITOR:

Dewitt Mackenzie said: "The Nazi barter system is one of the wonders of our time. The Fatherland swaps its products for products of other countries without any cash changing hands."

The answer is — Germany and other nations can no longer deal with the commercial world, under a gold standard. The three great gold-hoarding nations — the United States, France and Great Britain—have a gold total, according to reported figures, amounting to $22,170,000,000, leaving $4,830,000,000 remaining for all other nations.

Four-fifths of the world's gold is hoarded in vaults by these three nations, who have adjusted their scales to get over two and one-half pounds of flesh for each pound due; and silver nations will not always give them two and one-half ounces of silver for $1 in gold credit.

When Germany buys $5-million of wheat from Roumania, $17-million of oil from Mexico and $10-million of raw materials from Brazil, these commodities are paid for with German goods and products, which closes the deal without recognition of the gold standard, the money exchange, or the international banker.

With barter and trade deals a success, nations will become more independent, develop their own resources, employ their own people and keep their money at home. Their currencies will not be battered down on the money exchange in the interests of an international banking ring, that hoards all gold in vaults and robs all people with its sacred credits.

—E. J. Koller

Salt Lake City, Utah

Resents Attitude on Britain

TO THE EDITOR:

It seems to me that your attitude taken relative to Finland is far from being fair and just. If general reports are to be relied upon it would seem that Sweden definitely refused to allow Allied troops to pass through for fear of being involved herself in the war with Russia, and that whatever may have been said about "80,000" of such troops was but an effort to "save her face." Hence the heading "England 'Late' Again" is more libel than truth.

As I have remarked before, all of your readers are not of Irish blood, and to such the constant attacks on England are exasperating; in fact, I hesitated for some while as to whether I should renew my subscription. I might just as well respond by expressing ideas about the Irish that might not be none too agreeable to you people, and I have a sufficient number of Irish friends and acquaintances — both Catholic and Protestant—to have opinions of my own in that matter, but what good would be served?

By all means reveal what is evil in any nation, but at least have the charity not to condemn the whole for the lack of a few, and to recognize what remains that is good.

There is a subject I would much like to see discussed in SOCIAL JUSTICE, viz., the Movement known as "Mankind United." It seems to have tremendous numerical strength in the world, and being opposed to any form of dictatorship as well as based upon the Golden Rule, not unnaturally strong.

—F. J. B. Walker

Atascadero, Calif.

Working Overtime Again

—Lewis in the Milwaukee Journal

Polish American Disagrees on Reasons Behind Poland's Tragedy

TO THE EDITOR:

This is an answer to a letter by Mr. Stanley Brya, Glory, Christianity and culture, in the past, can and should be credited to Poland, but to my mind one thing is certain, and it is this: If the Polish people had not been victims of an imperial financial slavery system, its people would not be the sufferers and martyrs that they are today, nor would Poland have disappeared from the map.

Every intelligent American knows very well the majority of Poles live as peasants. If you credit Poland with culture, I can state that she certainly did not enjoy the just share due her. Allow me to remind you also that if Pilsudski were alive today I am confident that the Polish Corridor and the Danzig question would have been settled peacefully and Poland's fate would not rest between two evil monstrosities drunk with power.

Every loving Christian knows that Poland's plight is a sorry and bitter one. I ask you, Mr. Brya, why did you not state in your letter the facts of Poland's double-cross? I mean John Bull's promises and assurances to back up the Poles.

My reply to your letter is only for the reason that you failed to inform the average Polish American (I am one) of Poland's sad plight.

Poland chose to fight because she relied on British assurances to back her up, but not a gun, airplane or soldier was sent to her aid. How can any American with a little common sense, therefore, hold any sympathy for England and France in view of these facts? I cannot, for I know also of the persecuted Irish today and the Indians, the 300-million Indians who want freedom from the shackles of the British financial system. They shall receive it for already there are signs of revolt. How about the Jews who were promised Palestine?

Now that the war is about to rage with all its fury, it is no more a war to save the Poles and the Czechs, it is an unholy war to save Britain's vicious financial system; the identical kind of financial system that has our own Americans living in poverty and unnecessary suffering.

—Frank Jzak

1696 Michigan Ave.
Bay City, Mich.

Fisherman on Fisheries

TO THE EDITOR:

Being Secretary and Treasurer of the Wisconsin Commercial Fishermen's Association, I wish to compliment you most heartily on the wonderful article in SOCIAL JUSTICE by Mr. Joseph P. Wright in the April 1 issue on the awful treaty made between our country and Newfoundland for the importation of processed fish. It is a timely account and will affect also the producers of the Great Lakes, as the evil will not stop there if this treaty is allowed to continue but will spread also to take in the Dominion of Canada.

At a meeting of the Great Lakes Fisheries Association, of which our group is a part, held at Chicago on Saturday, March 16, a resolution was passed, calling on Congress to re-define the term "American Fishery" and to do everything in the future to rehabilitate and promote the fishing industry.

We believe that there is too much government by bureau and commission and the sooner the Congress assumes its power under the Constitution, the sooner we will have a government by law instead of by man. We have plenty of this government here in Wisconsin, so we know how it works.

We have at present in the courts a fight on the same matter to make rules and regulations affecting the outlying waters of the state. We were successful up to 1937 to keep this power in the legislature, but after that time, a great number of the fishermen became indifferent and the Conservation Department was successful in putting through the legislature an act giving the Commission this power. Up to the present, the department has passed five orders, which, if enforced, would wipe out the commercial fishing industry.

Through legal procedure in the courts we have, since November 17, tied up enforcement through injunction. We think we will be able to continue this fight another four months before we will get a final verdict from the Supreme Court of Wisconsin.

We are contesting the issue on the unconstitutional delegation of legislative power by the legislature to the Conservation Commission and that the orders are unreasonable, unjust and unlawful. We have beaten the department at every turn in the road, both in the Circuit Court of Marinette and the Municipal Court of Fond du Lac, and once or twice in the Municipal Court of Manitowoc County. Through a change of venue we are at present in the Circuit Court of Dane County at Madison, Wisconsin, where we had a hearing on a writ of demurrer on Saturday, March 30. The writ was filed by the Conservation Department. The Judge took the case under advisement and we are awaiting his verdict.

We intend to carry this fight all the way, even to the Supreme Court of the U.S., to settle once and for all the fight on the delegation of legislative power to bureaus and commissions to make rules and regulations which, when analyzed, are the laws of the land.

—Everett Lafond

Two Rivers, Wis.

Small Businessmen Speak

TO THE EDITOR:

We listened with considerable interest to Father Coughlin's broadcast concerning the small businessmen, and wish to thank him for aiding this good cause.

Just recently we sent a resolution to Commerce Secretary Hopkins asking him to request the governors of the 48 states to appoint 100 businessmen to convene at the state capitals and set up a business program.

Then select five members and instruct them to go to Washington to a national conference. It was suggested they invite a committee of labor, farmers, consumers and both houses of Congress to sit in.

Surely 4,800 men throughout the country, through 240 representatives acting in co-operation with other groups, could and would accomplish great good for the country.

—J. W. Fitzgerald, President Smaller Business Ass'n of New England

Somerville, Mass.

The Awful Cost of War

TO THE EDITOR:

With wars bursting all around us, I think it is well to keep the following facts in mind at this time:

It is estimated the World War's total economic cost was $224-billion. It cost the United States an estimated $41,765,000,000. It mobilized 74-million men. It killed 10-million men, and left 3-million unaccounted for. It wounded 19-million men and disabled 10-million more. It resulted in imprisonment for 7-million soldiers. It orphaned 9-million, and widowed 5-million.

Now, if anyone can suggest a reason compelling enough to go to war at such a cost, it would be a great cause indeed.

I do not believe any situation confronting the United States is so compelling, so it might be well to put war out of our minds, and it might be well for our brothers across the sea to do likewise.

Gary, Ind. —J.T.R.

From the Tower . . .

(Continued from Page 3)

The national debt for Great Britain, where the population of England is estimated at 45-million, is approximately $100-billion. The entire British Empire is not obligated to pay this $100-billion. It is England's obligation.

If Britain and France win the war, their monopolists who control production and finance will lose the war. At least, that is my opinion; and I base it upon what appears to me the physical impossibility of 45-million persons supporting a 100-billion-dollar debt where wages are notorious for being below the living standard.

* * *

Why should the United States of America contribute either the contraband of men, munitions, arms or money to save a system that is doomed to dissolution?

The United States is a capitalist nation. Economic abuses which have generated sociological abuses are rampant in our midst. Moreover, the United States is not a Christian country. (67 per cent of its population, according to the United States Census Bureau, profess no affiliation to any church whatsoever.) It is problematical, therefore, if we would pattern our economies after the principles laid down by Christ and re-enunciated by Leo XIII and Pius XI. Possibly, we might choose to follow the Marxian plan.

Therefore, let us take our capitalism as we find it; let us eradicate from it the abuses which characterize it.

Europe's war is not our war. There is a plenitude of economic and sociological materials at home with which to engage ourselves.

Marxism Is Not Dead!

Of Late We Have grown accustomed to hear pinkos, fellow travelers and Soviet sympathizers condemn both Mr. Stalin and Mr. Hitler. Be assured, however, that such persons have not surrendered the thoughts which inclined them to be admirers of Stalin and Hitler. At heart they are still Marxian. Thus, we hear none of them condemning Karl Marx. We find none of them militating against naturalism and collectivism.

Be advised that Marxism is not dead in America. It is still on the march. Shortly it will emerge from our clouded social atmosphere, unfurling a banner with a new name imprinted upon it.

Combatting the abuses of modern capitalism are Marxism and Christianity. Granting that capitalism cannot last if it persists in nurturing the abuses for which it has become famous, the substitution of Marxism will be disastrous for all of us. It will produce no more salutary effects than would a drink of carbolic acid on a thirsty man.

* * *

It is more than a coincidence that, following the application of verbal bastinados on the backs of Stalin and Hitler, their one-time American supporters had the effrontery to nominate and appoint Bertrand Russell to the chair of philosophy in New York City College.

Again I maintain that our business is to stay out of Europe's suicidal war which eventually will prove to be a victory for Karl Marx. Remain at home, bending our efforts to remove the abuses of capitalism. In this project we need the help of capitalists and laborers, of debtors and creditors, of farmers and consumers—of citizens of every type cooperating with each other for the common good.

Meanwhile, men speculate as to whether or not the Marxian radicals will support the New Deal Democrats or the Socialists. Granting that the Communist political party has been discredited, where will the Marxists turn—Leftists who formerly and publicly supported the New Deal platform?

Indeed, that is a speculation. Meanwhile, however, on April 6th—the 23rd anniversary of its St. Louis convention which protested against American participation in the World War—the Socialist Party, under Norman Thomas, adopted a resolution strongly opposing America's entering into another World War. The convention also disapproved of economic assistance to belligerents as inevitably leading to military aid.

Present at this convention were Norman Thomas, Aaron Levinstein (the isolationist), Lazar Becker (the minority interventionist), Maynard C. Krueger, Professor of Economics at the University of Chicago and the keynote speaker, Angelica Balabanoff, (formerly Stalin's secretary) and Marcel Pivert—a strange admixture of so-called moderate Socialists and radicals—with the extreme radicals in the minority—but all of them Marxists.

* * *

This convention went on record with the following statement: "If you believe in aiding one side, you cannot honestly say, keep America out of war. If you believe in keeping America out of the war, you cannot honestly say, give aid to one side. Every argument in favor of economic intervention, if it is sound, must justify military intervention."

While we agree with these assertions publicized by the Socialists in convention, we pause to ask ourselves: "What will the New Deal Democrats and the Republicans propose to the electorate at their conventions? If their proposals, substantiated by unquestionable actions, do not meet the proposals of the Socialists, one may expect at least 5 per cent of the electorate to cast their ballots in favor of Norman Thomas.

America is more interested in keeping out of war absolutely than it is in the third term for the Democrats or the first term for the Republicans.

The Race for Trade

Corroborating Some of the views which I expressed in the previous paragraphs—views relative to the dissolution of capitalism—are two articles appearing in the *New York Times*, Sunday, April 7, 1940. In his column "Along Wall Street," Mr. J. H. Carmical says:

"Virtually since the end of the World War, a devastating economic conflict has been under way. In a mad race to become self-sustaining, mainly for military purposes, nation after nation had been discarding normal trade channels. Before the outbreak of the present war, nearly all of the old standards of trade and commerce had been thrown overboard by many nations. The primitive practice of barter was being resorted to rather freely. Most nations had abandoned gold as a base for their currency. In terms of gold, basic commodities generally were at the lowest level in history and heavy surpluses, principally of agricultural products, were disturbing the economy of many nations. For the first time in history, many nations, including the United States, were subsidizing exports of principal agricultural products in foreign markets in an effort to alleviate the situation."

* * *

In the same issue of the *New York Times*, one of the financial editors, Mr. Edward J. Condlon, writes relative to banks, deposits and credits, the following disturbing article:

"Beset with the limited demand for bank credit, on the one hand, and the problem of employing swiftly mounting deposits, either by investments or loans, on the other, Wall Street banks continue to wage a losing battle. A study of the quarterly statements of condition of the fifteen largest banks in the financial district issued last week reveals that while deposits in the aggregate rose 5.9 per cent in the quarter to a new record high, loans and discounts actually declined, holdings of Government securities gained only 4.4 per cent, and idle cash jumped 9.6 per cent. And Federal deposit insurance must be paid on deposits whether they are idle or employed.

"The gain in deposits of the fifteen banks was far greater in the three months just completed than in the final quarter of 1939, reflecting the heavy gold imports and other efforts of the Allied governments to increase their dollar balances in order to finance war purchases in the United States. In the first quarter of 1940, deposits of the fifteen banks reached a new peak at $15,507,648,000, up $857,747,000, or 5.9 per cent. The gain since a year ago is now $2,720,608,000, or 21.3 per cent. Total resources of $17,185,816,000 were up $875,002,000, or 5.4 per cent, for the quarter, and up $2,702,080,000, or 18.7 per cent, from a year ago.

"Cash, including bullion abroad or in transit, aggregated $7,172,806,000, or 41.7 per cent of total resources, a new high record. The cash item rose $626,430,000, or 9.6 per cent, in the quarter, and is now up $1,624,326,000, or 29.3 per cent, since March 31, 1939. Holdings of United States Government securities, both direct and fully guaranteed, now stand at $5,182,589,000, equivalent to 30.2 per cent of total resources, or a slightly smaller percentage than three months ago. The gain in Government-secured holdings in the quarter was $217,197,000, or 4.4 per cent, and since one year ago the increase was $1,006,364,000, or 24.1 per cent.

"Loans and discount at $3,145,583,000 were down $65,346,000, or 2 per cent in the quarter, so that they now comprise only 18.3 per cent of total resources. This decline virtually erased the gains made in this item in the previous nine months. Of the other assets of the banks, the item of 'other investments' increased $110,126,000, or 9 per cent, in the quarter to a total of $1,335,171,000. Compared with a year ago, this item is up only $44,562,000, or 3.5 per cent. Miscellaneous assets declined $13,405,000, or 3.7 per cent, in the quarter to $349,667,000, and were $38,738,000, or 10 per cent, smaller than a year ago.

"The 'big five' of the list—Chase National Bank, National City Bank, Guaranty Trust Company, Bankers Trust Company and Central Hanover Bank and Trust Company—accounted for $10,268,472,000, or approximately two-thirds of the total deposits of the fifteen largest banks in Wall Street. The Chase deposits topped the $3-billion level for the first time in the history of any commercial bank. From the standpoint of earnings, few banks were able to show gains of any consequence for the quarter as compared with the first three months of 1939. The largest institution, the Chase, showed earnings equivalent to 43 cents a share in both quarters. The National City Bank, however, as second largest institution, showed earnings of 47 cents a share for the initial quarter of 1940, compared with 33 cents for the first three months of 1939.

"The following table shows the distribution of assets of the fifteen largest Wall Street banks as expressed in percentages of total assets:

	Mar. 31 1940	Dec. 31 1939	Mar. 31 1939
Cash	41.7	40.1	38.3
U.S. Govt's	30.2	30.5	28.8
Other investments	7.8	7.5	8.9
Loans, discounts, etc.	18.3	19.7	21.3
Other assets	2.0	2.2	2.7"

* * *

Recognize that deposits are, for the most part, debt money. Recognize that the big five New York banks whose vaults are filled to overflowing with money, are not lending much of it except to the Government. Recognize that these banks, in a period of depression, are making more money per share in 1940 than they did in 1939. Recognize that these banks are still engaged in purchasing the Government debt.

What suggestion will the bankers themselves offer to free America from the financial stalemate which its citizens are experiencing?

The bankers should recognize that they are caught in a dilemma. Will the bankers join with the general public in helping to solve the problem of distribution?

Bound Toward Totalitarianism?

Relative to This subject, may I quote Senator Joseph O'Mahoney of Wyoming who, in a speech delivered before the Senate on April 3, 1940, said:

"I have brought here, so that Senators may see it, a chart which presents in graphic form some of the evidence that was brought out before the Temporary National Economic Committee. Early in the present Administration Congress passed a law which compelled the divorcement of banks and security companies. It was a wise and salutary law, because one of the factors which had contributed to the crash of 1929 was that in some instances the officers of banks were more interested in selling the securities of their affiliates for a profit than they were in handling their depositors' money. It is not necessary for me to go into that story, but bear in mind that, as a result of that law passed during this Administration, the firm of J. P. Morgan & Co. decided to remain in the banking business, and the firm of Morgan, Stanley & Co. was created to handle the security business.

"The undisputed testimony which was brought out at that hearing is represented upon this chart. I had the chart made because it is so illuminating. Beginning with September 16, 1935, down to shortly before the hearings were held the security firm of Morgan, Stanley & Co. sold 73 original issues, every single one of which was sold under this Administration. The 73 issues represented the securities of about 43 of the largest industrial companies in the United States. The firm of Morgan, Stanley & Co. made a gross profit of something over $2-million in the transactions. I did not ask for the net profit, because I was not interested in that, nor were the other members of the committee. To me the significant point brought out at the hearing was the centralism of our economic life. So, in order to make it clear, I had this chart prepared, with lines drawn from the central office of each one of these 43 companies through the States which are affected by the business carried on by those companies. From New York City a mass of black lines extend all through the United States.

"Most of these corporations are of great assistance to our national economy. All of them, doubtless, are well managed. They all contribute to our economic welfare. There is no criticism of the existence of these corporations, and I utter no criticism of Morgan, Stanley & Co. I am merely pointing out the fact that during this Administration they sold some 73 security issues of 43 national companies; and this chart represents the

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Father Coughlin's THOUGHT FOR THE WEEK

From the Sunday Broadcast

CURRENT ON MANY LIPS is the pessimistic statement, "This is the end of Christianity."

It is uttered by the enemies of the cross.

It is spoken by the disciples of the flesh.

It is whispered even by lukewarm Christians—"This is the end of Christianity."

"Christianity failed in Russia" — behold its Stalinism.

"Christianity failed in Germany" —behold its Hitlerism.

"Christianity failed in Mexico, in Spain, in Italy,—in every country in the world; for, behold the miseries in the democracies, the slavery in the empires, the universal turmoil now shaking the pillars of civilization."

SUCH IS THE pessimistic comment of those who do not understand that Christ's Kingdom is not of this world; and that Christ prayed not for this world—a world in which there shall be wars and rumors of wars, injustice and practices of injustice until the consummation of time.

Christianity has not failed. The world has failed to accept it.

Meanwhile, although the Stalins and Hitlers are discredited in pulpit, press and lecture hall, what voices have been raised to discredit the doctrines of Karl Marx practiced by the dictators of Russia and Germany?

Marxism with its sordid materialism—its heaven-upon-earthism — is still the gospel followed by those who glory in the tribulations of the Christian church, predicting its dissolution.

"Peace and security" is their watchword.

"Peace and security" is the shibboleth they cry to allure the thoughtless thousands to their standard.

My friends, "peace and security" is no new clarion call. It was sounded in the Roman forum in the day of the Apostles. It was the propaganda employed to weld the chains of intellectual slavery upon the minds and souls of those already enduring physical slavery.

"Peace and security"—greatly desired as they are—must not confuse the major issue of our soul's salvation.

But listen to St. Paul. In the fifth chapter of his letter to the Thessalonians he writes as follows:

"But of the times and moments, brethren, you need not. that we should write to you:

"For yourselves know perfectly that the day of the Lord shall so come as a thief in the night.

"For when they shall say: Peace and security; then shall sudden destruction come upon them, as the pains upon her that is with child. And they shall not escape.

"But you, brethren, are not in darkness, that that day should overtake you as a thief.

"For all you are the children of light and children of the day: we are not of the night nor of darkness.

"Therefore, let us not sleep, as others do: but let us watch, and be sober.

"For they that sleep, sleep in the night; and they that are drunk, are drunk in the night.

"But let us, who are of the day, be sober, having on the breastplate of faith and charity and, for a helmet, the hope of salvation.

"For God hath not appointed us unto wrath: but unto the purchasing of salvation by our Lord Jesus Christ.

"Who died for us: that, whether we watch or sleep, we may live together with Him.

"For which cause comfort one another and edify one another, as you also do.

"And we beseech you, brethren, to know them who labor among you and are over you in the Lord and admonish you:

"That you esteem them more abundantly in charity, for their work's sake. Have peace with them.

"And we beseech you, brethren, rebuke the unquiet: comfort the feeble minded: support the weak: be patient towards all men.

"See that none render evil for evil to any man: but ever follow that which is good towards each other and towards all men.

"Always rejoice.

"Pray without ceasing.

"In all things give thanks: for this is the will of God in Christ Jesus concerning you all.

"Extinguish not the spirit.

"Despise not prophecies.

"But prove all things: hold fast that which is good.

"From all appearance of evil refrain yourselves.

"And may the God of peace Himself sanctify you in all things: that your whole spirit and soul and body may be preserved blameless in the coming of our Lord Jesus Christ.

"He is faithful who hath called you, who also will do it.

"Brethren, pray for us.

"Salute all the brethren with a holy kiss.

"I charge you by the Lord that this epistle be read to all the holy brethren.

"The grace of our Lord Jesus Christ be with you. Amen."

OF THESE TIMES and moments — times tempestuous, and moments tragic,—I need not speak to you, my friends. I need only warn you that when worldly men speak loudest of peace and security the sudden destruction awaiting them is near at hand. As for yourselves who are of the day, gifted with the sunshine of faith, act not as if you are of the night, groping in the black mists of darkness.

You are destined to live, if others are destined to perish. Therefore, preserve yourselves blameless and spotless against the coming of the Lord.

"And may the Lord multiply you and make you abound in charity towards one another and towards all men: as we do also towards you."

There is only one peace—the peace of Jesus Christ. There is only one security — the security of everlasting life.

MONEY

Facts You Should Know

AN INTERESTED READER writes as follows:

"Would you please explain in a very simple way (this so we will all really understand the system employed) how a person living in Windsor, Ontario, Canada, but working in Detroit, Michigan, U.S.A., can take his American-issued wage check to a foreign exchange bank, surrender same and the foreign exchange will issue a check on a Canadian bank for 19 cents additional for every dollar stated on the American check; in other words, they pay 19 per cent on an American-issued check.

"How is it that an American check is worth 19 cents more on the dollar than would be American currency? I understand the rate of exchange on currency is only 10 per cent to 11 per cent; in other words, an American check is worth 19 per cent on the dollar. American currency is worth but 10 per cent to 11 per cent on the dollar.

"How come? Who makes or loses the difference? I have asked this question of a number of people but they are unable to explain.

"You can verify the above statement at any foreign exchange bank as I know this happened on March 13, 1940, in Detroit.

Detroit, Mich. B. G. Bruse"

For the information of Mr. Bruse and others, there is a foreign exchange market for the leading currencies of the world from which a so-called "official" valuation of each currency is learned by daily quotations from the press.

There is also a local exchange rate of discount on the borders of all countries with the money-changer, in the literal sense of the word, arbitrarily fixing the price at which they will exchange one currency for another.

There also are trade customs as, for example, in purchasing gasoline on either side of the border where, if the discount on either American or Canadian money is very small, it is not utilized, but if it becomes consequential it is utilized at an arbitrary figure.

The bank mentioned simply decrees what discount it will allow on Canadian money. As this is an arbitrary decision, having nothing to do with the foreign exchange quotations, only the officer of the bank could possibly tell how he arrived at the figure of 19 per cent.

For example, in northern New York where the Canadian discount was some 11 per cent in September, merchants fixed arbitrarily, and very generally, a discount rate of 15 per cent, perhaps anticipating protection against loss.

Since the receipt of this letter bankers resident along the Canadian border have, by private agreement, set their own discount rate at 30 per cent to protect temporarily against the fall of the Canadian dollar.

From The Tower...

(Continued from Page 16)

centralism of our economic life.

"Let me show the effect upon the states. The chart I now have before me is made on smooth, soft paper, so that it will be difficult to exhibit it, but I had it prepared for the purpose of illustrating to Members of the Senate the comparative financial strength of 30 of the great corporations of the United States and of the sovereign States of the Federal Union.

"There are 30 great American corporations each with assets of more than $1-billion. There are 22 states, sovereign states, in the Union the entire assessed value of whose real estate is less than $1-billion each.

"There are 16 states in the Federal Union the total assessed value of all the property of which, both real and personal, is less than $1-billion each.

"This chart shows that the largest of these 30 great corporations are the Metropolitan Life Insurance Co. and the American Telephone & Telegraph Co., both of them great institutions, both of them most helpful institutions, but each one of them having assets of more than $4-billion. Only the States of Wisconsin, Indiana, Illinois, New Jersey, Michigan, Massachusetts, California, Ohio, Pennsylvania, and New York are financially stronger than those two institutions.

"Do you wonder why political centralism has developed? Our economic life is necessarily centralized because of the development and improvement of technology, and, as it has developed, the people have turned more and more to Washington for governance, for aid, for relief, for all manner of contributions. Why? Because the states are no longer sufficiently wealthy and powerful to cope with the economic problem."

Having read this statement, perhaps, one begins to understand the interpretation of the words "irresistible power"; one begins to appreciate how this power, protected by the ownership and control of money, gains domination over states.

The words of Senator O'Mahoney long will be remembered—"Because the states are no longer sufficiently wealthy and powerful to cope with the economic problem."

When Senator Shipstead listened to Senator O'Mahoney's address, he remarked:

"I get the impression from viewing the first chart of the Senator and from his remarks that, as a result of the centralization, these tubes stretching out across even to the outer states of the Union are a kind of economic milking machine; the states are being milked of the product of their toil and their wealth, and it is being centralized in the East. So people come to Washington and use the powers of the Federal Government to get some of it back to feed the hungry and the unemployed."

In concluding his address, Senator O'Mahoney said:

"The point I am emphasizing here is a very simple one, namely, that the Congress of economic centralism has brought with it the development of political centralism; and in a country which was devoted to the theory that the greatest possible measure of local self-government should be maintained, we have seen power and authority diverted from the states and concentrated here in Washington, just as we have seen government power concentrated in the great capitals of Europe. The cities of America and the states of America turn to Washington for aid in this, and for aid in that. We come here seeking appropriations to build projects out through the states. We come here seeking appropriations to make work for the unemployed, and necessarily so. We must do it, because of the conditions which have developed; but what I am calling to the attention of the Senate is that the elected representatives of the people in Washington are to be found only here in the Senate Chamber, over in the House of Representatives, and in the President and Vice President of the United States.

"All the other Government employees in Washington, all of the Government agents to whom we have delegated legislative power, with protection of one kind or another, according to this standard, or according to that standard, all of this power which we have necessarily delegated, has been vested in appointive officers. So we have seen the development of a thousand years of decentralization of government turned back upon itself, and now, instead of decentralized government we are seeing the whole world develop a greater and greater degree of centralized government."

Preserve this article for the value of the remarks made by Senator O'Mahoney—and speculate if we are moving along a pathway towards totalitarianism, towards centralization of government.

The Guilds of Italy

(Continued from Page 13)

no clear-cut division by art or craft. The painters of the great city of Florence belonged to the Grocers Guild as late as the Sixteenth Century.

To this guild we trace the first establishment of the school of art. The *Compagnia di San Luca* developed from a semi-religious, semi-artistic guild into the *Accademia del Desegno* which became the first Academy of Fine Arts in Europe.

Apprenticeship System Was Made Elastic

Despite the guild contribution of the school of art, Italian history is replete with examples showing that the master and apprentice system characterized the training and education of the great artists for centuries to come.

The young student under this system reached the proficiency of genius in a remarkably short period.

In his purely technical field, the student was not compelled to serve one master for any definite length of time. It is historic that in the education of the master painters of Italy, they were free during their apprenticeship to step out of one workshop and into another.

Mere time serving gave way to an eclecticism which frequently contributed many masters to one apprentice.

In the economic field, the work of the guilds was to regulate the production and distribution. They did not prevent millionaires like the Fuggers, but they did bring even the rich under their control.

Guilds 'Most Influential' Organizations Up to 1400

The city states of Italy one-by-one rose into prominence. Florence, Pisa, Genoa, Venice and Milan had, through the medium of the guild, both merchant and craft, welded their citizens into solid units. The influence of the guilds can never be measured except in such a statement as this: "They were the most influential organizations of laymen that the world had known up to the Fifteenth Century and they dominated the political and social, economic and religious affairs of the community under the leadership of the ecclisiatical authorities, of course."

As in England and France, the merchant or craftsmen simply had to join a guild and observe its rules faithfully. No craftsman ever was allowed to enrich himself at the expense of his brother. The complete supervision of working conditions, hours of labor, materials employed, wages, prices, tools, seemingly established an equality of opportunity among the laborers, permitting, however, individual genius to distinguish itself.

The care for the sick and needy, the widow and the orphan, established norms of conduct for Christian society for the world to follow today, if it cares to.

The rise of the technical school and, as we have mentioned before, the great schools of art were directly attributed to the guilds and the master and apprentice system admitted the poorest in the community to an opportunity similar to that which was once America's boast but which is rapidly suffering. Nor did the guilds compete with the monasteries of the medieval day. The work of the two institutions was complementary.

Modern Historians Overlook Guild Gift to Democracy

In the history of democracy, the contribution of the guild like that of the monasteries is entirely overlooked by the modern historian. In Italy the craft guilds in many instances gained so much power and prestige that they protected not only the right of assembly and free speech but they instituted the *commune* and, as in the case of Florence referred to above, they simply ruled the independent, democratic city states of Italy in many instances.

They had their town halls such as the *Pallazzo Pubblico* in Sienna and the *Pallazzo Vecchio* in Florence. In Florence, for example, the *Priori del Arti* were the priors of the arts or simply the masters chosen from each of the provinces. They became so influential that they controlled the actions of the nobles and with their great emphasis on the fine arts they guided into the most democratic channels the best culture of Italy.

The Guild Contribution to Italian Art

The great church of Santa Reparata was to become the famous cathedral of Florence. The building of that church came as a commission from the City of Florence to one Arnolfo, master architect, head master of the *commune*, in a document that has come down to us and is quoted from *The Story of Art* by Shooman and Slatkin. It is incidentally from this volume that many of the applications and illustrations of the Italian guild system in operation are taken. The quotation follows: "We order Arnolfo, headmaster of our *commune*, to make a design for the renovation of *Santa Reparata* in a style of magnificence which neither the industry nor the power of man can surpass, that it may harmonize with the opinion of many wise persons in this city and state, who think that this *commune* should not engage in any enterprise unless its intention be to make the result correspond with the noblest sort of heart which is composed of the united will of many citizens."

In the master and apprentice system a Raphael or a Michaelangelo are simply examples of apprentices who went to work at the age of seven or eight years for a master or *bottega*. Now what could a seven year old boy do as an apprentice? First, he learned to grind colors. Then he learned how to mix colors. Then he mapped out composition. Then he was taught to sketch from life, to model in clay, to cast in bronze, to carve in stone, until, finally, he was drawn in at perhaps 15 years of age to the mathematics and art of architecture.

Expression was to come later. This is in direct contradiction to many a modern example of expression first and art never.

Education Exemplified in the Child Raphael

This child, Raphael, and this child, Michaelangelo needed not one penny to study under the greatest masters of the day. Yet, compare what they knew at 15 to what a junior high school student knows today.

Raphael or Michaelangelo, at 15, knew the stories of the Bible as intimately as only the theologians know it now. Raphael knew the lives of the Saints, the intimate stories of the great Doctors of the Church. He knew the entire litany of mystical symbolism. He knew religious history as no layman knows it today. He knew politics from the guild organization. He knew biography and he knew the mechanics of all the fine arts. He knew all this when he was but a child.

Michaelangelo might not know how to create at 15 years of age a new cathedral, but he knew the mathematics of the present cathedrals. Yet he worked, day after day, not in one branch of the fine arts but in all the branches. Nor was it child labor, but a school.

Kipling almost caught the idea in his verse:

When earth's last picture is painted
And the tubes are twisted and dried.
When the oldest colors have faded
And the youngest critic has died.
We shall rest and faith we shall need it
Lie down for an eon or two.
Till the master of all good workmen
Shall set the task anew.

Then only the master shall praise us
And only the master shall blame.
And no one shall work for money
And no one shall work for fame.
But each for the joy of the working.
And each in his separate star
Shall paint the thing as he sees it
For the God of things as they are.

Fr. Coughlin's Radio Stations

At the request of many persons interested in the Sunday broadcasts of Father Coughlin, renewed recently for another year, SOCIAL JUSTICE herewith reprints the list of stations over which the talks may be heard at 4 p.m. (E.S.T.), unless otherwise indicated.

ALBANY, N. Y.—WABY	4-5
AUGUSTA, ME.—WRDO	4-5
BALTIMORE, MD.—WBAL	8-9
BANGOR, ME.—WLBZ	4-5
BOSTON, MASS.—WAAB	4-5
BRIDGEPORT, CONN.—WICC	8-9
BRIDGETON, N. J.—WSNJ	4-5
BUFFALO, N. Y.—WGR	4-5
CINCINNATI, O.—WCKY	4-5
CLEVELAND, O.—WGAR	4-5
DES MOINES, IA.—WHO	4-5
DETROIT, MICH—WJR	4-5
DETROIT, MICH.—WJBK	7-8
ERIE, PA.—WLEU	4-5
FALL RIVER, MASS.—WSAR	4-5
FOND DU LAC, WIS.—KFIZ	4-5
GREEN BAY, WIS.—WHBY	4-5
GREEN BAY, WIS.—WTAQ	7-8
GREENFIELD, MASS.—WHAI	4-5
HAGERSTOWN, MD.—WJEJ	4-5
HAMMOND, IND.—WHIP	4-5
HARRISBURG, PA.—WKBO	8-9
HARTFORD, CONN.—WTHT	4-5
INDIANAPOLIS, IND.—WIBC	4-5
KALAMAZOO, MICH.—WKZO	4-5
LACONIA, N. H.—WLNH	4-5
LAWRENCE, KAS.—WREN	9-10
LAWRENCE, MASS.—WLAW	4-5
LEWISTON, ME.—WCOU	4-5
MADISON, WIS.—WIBA	4-5
MANCHESTER, N. H.—WFEA	4-5
MINNEAPOLIS, MINN.—KSTP	4-5
NEW ALBANY, IND.—WRC	9:15-10:15
NEW BEDFORD, MASS—WNBH	4-5
NEW LONDON, CONN.—WNLC	4-5
NEWARK, N. J.—WHBI	4-5
PHILADELPHIA, PA.—WTEL	Monday 6-7
PITTSBURGH, PA.—WJAS	4-5
PITTSFIELD, MASS.—WBRK	4-5
PROVIDENCE, R. I.—WEAN	8-9
RACINE, WIS.—WRJN	4-5
READING, PA.—WRAW	4-5
ROCHESTER, N. Y.—WSAY	4-5
SHEBOYGAN, WIS.—WHBL	4-5
SHENANDOAH, IOWA—KMA	4-5
ST. JOSEPH, MO.—KFEQ	4-5
ST. LOUIS, MO.—WEW	4-5
WATERBURY, CONN.—WATR	4-5
WILKES-BARRE, PA.—WBAX	4-5
WORCESTER, MASS.—WORC	4-5
WOODSIDE, N. Y.—WWRL	9-10

The League of the Little Flower Requests You to Pray for the Sick and the Dead

"I beseech you therefore, brethren, through our Lord Jesus Christ and by the charity of the Holy Ghost, that you help me in your prayers for me to God."—Romans 15:30

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Divine Heart of Jesus Convert sinners, save the dying, deliver the holy souls from purgatory. (Indulgence of 300 days, every time. Pius X, Nov. 6, 1906.)

You are invited to join the League of the Little Flower.

Benefits: 1. You are remembered every morning at Mass at the Shrine of the Little Flower.

2. You are remembered every morning at a Special Mass said for our intentions at the Tomb of Christ near Jerusalem.

Obligation: Each day say the Lord's Prayer for the intention of the Little Flower. Her intention is to lead souls back to God.

Privileges: You are privileged to enclose the names of the deceased members of your family. They will be remembered each day at the Sacrifice of the Mass.

Fees: Each living member is requested to contribute one dollar a year.

The money derived from this will be used to help Father Coughlin promote his religious activities.

Mail your membership dues to Father Coughlin at Royal Oak, Mich.

Your prayers are earnestly solicited for our sick friends and for the faithful departed who have recently passed to their reward.

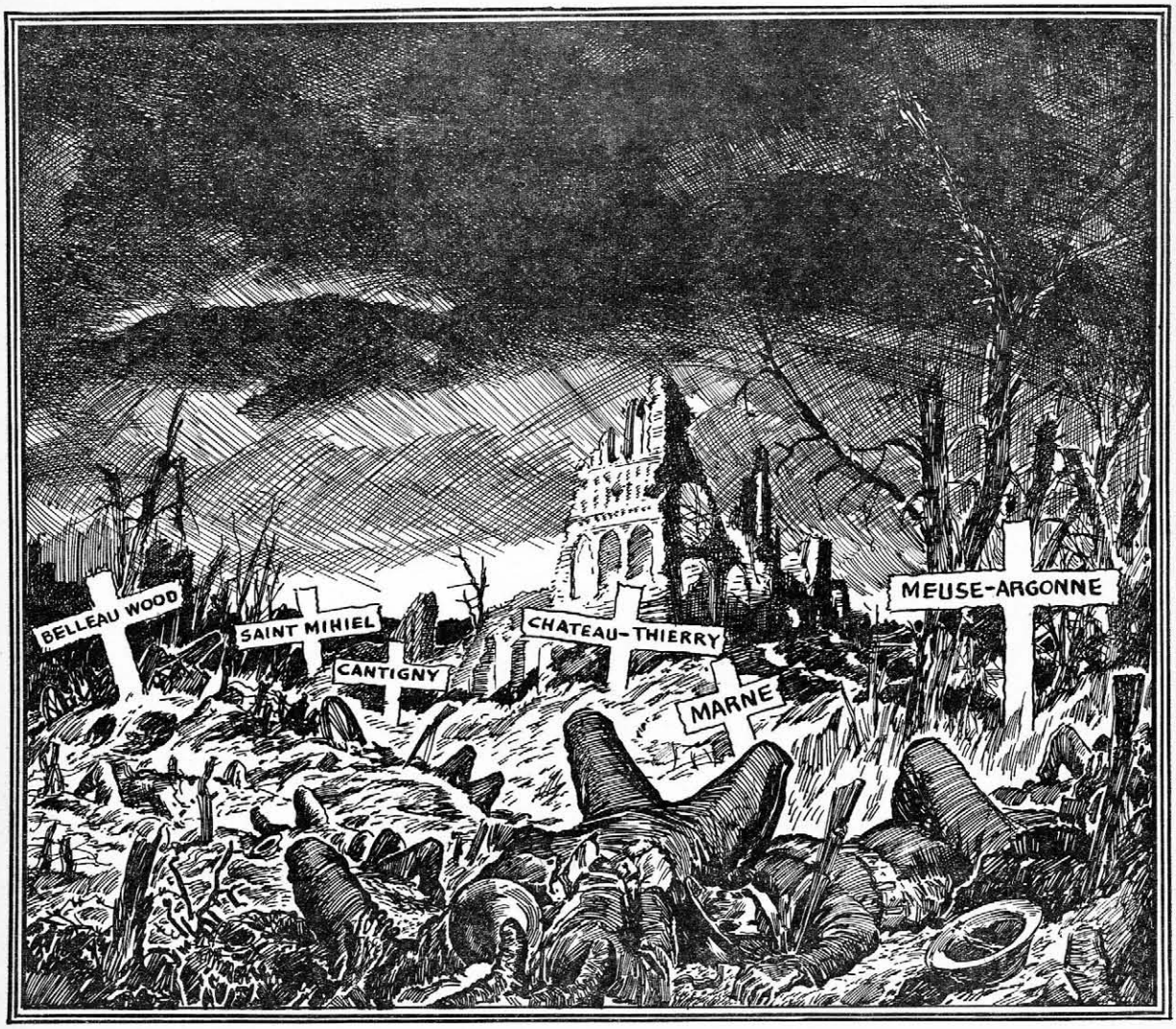
Wishing to take part in the activities of the League of the Little Flower, I hereby make application to become one of its members.

Herewith is enclosed _____ dollar(s) as membership fee for the League of the Little Flower for the person(s) listed below:

Name _____

Street _____

City and State _____



AMERICA - NOT ENGLAND - WON ENGLAND'S LAST BATTLE

IT is England's boast that she always wins the last battle. That was true in the day of Cromwell, when the Irish peasants could not compete with British artillery.

That was true during the Sepoy mutiny in India when the British generals tied the Indian chieftains to the mouths of cannon and blew them to kingdom come.

That was true at Waterloo when the forces of Blücher and Schwarzenburg saved Wellington.

That was true in Ireland, Easter week of 1916, when the King's soldiers, violating all rules of warfare, slaughterd Irish patriots.

That was true in South Africa when Kitchener and Lord Roberts brought the "might" of Britain to bear on a handful of Boers who were fighting for their national liberty against the cupidity of Cecil Rhodes and his minions for the diamond mines of Kimberley and the gold of the Rand.

But in the World War, England did not win the last battle. When the Allied line was sinking under the German thrust, it was American boys at Belleau-Wood, Chateau-Thierry and in the Argonne, who broke the back of the German army.

It was American money—$4½-billions of it, that has never been repaid—"that helped to win in this last British battle."

It was 300,000 American wounded, many of whom still lie in our Veterans hospitals, who won the last British battle.

That is how England wins her last battles!

Father Coughlin has been energetic in the cause of American neutrality. The saving of America from a hecatomb of Europe is one of Father Coughlin's main purposes in his weekly broadcasts. If you have not contributed to Father Coughlin's broadcast, do so with from $1 to $20—please.

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NATIONAL WEEKLY
Social Justice
Founded 1936 by Father Coughlin

SENATORS SHOULD OPPOSE 'SPECIAL INTEREST' PLEAS

SENATOR CAPPER SHUNS POLITICS IN FAVOR OF A SOUND STATESMANSHIP

OF THE 96 SENATORS in Washington, 74-year-old Arthur Capper of Kansas probably is solicited the least by professional lobbyists.

Real liberals, familiar with his record, know he can be counted upon to sponsor any sound, constructive legislation designed to benefit the common man.

Representatives of special interests seeking enactment of laws at variance with the commonweal know the futility of trying to enlist his support.

Extremely humble, honest and able, Senator Capper is more the statesman than the politician. He makes few public speeches, preferring to let his voting record in Congress speak for him.

That it has spoken well is attested by the fact that the people of Kansas, whom he has represented in the Senate continuously since 1918, have indorsed him as a "favorite son" candidate for the presidency.

The Senator, however, favors his colleague, Arthur Vandenberg of Michigan, for this highest executive post.

Although Senator Capper's chief work has been designed to improve the condition of agriculture, he also has been most active in behalf of strict American neutrality.

He opposed vigorously the lifting of the embargo on implements of war. When Germany invaded Norway and Denmark, he lifted his voice immediately to help quell any possible "war hysteria" in America.

It is "none of this country's business" what happens in Europe, he declared.

To some this may represent a turnabout from his espousal of the World Court in 1934. Despite his advocacy of that international scheme, by which the United States would have been plunged into the maelstrom of European quarrels, Senator Capper today is a strong isolationist. In many respects an idealist, he could not see the wiles of foreign diplomacy lurking behind the Court proposal.

Along with a majority of his Republican cohorts, Senator Capper opposed the New Deal in the long, bitter battle culminating recently in extension of the Reciprocal Trade Agreements Act for another 3 years.

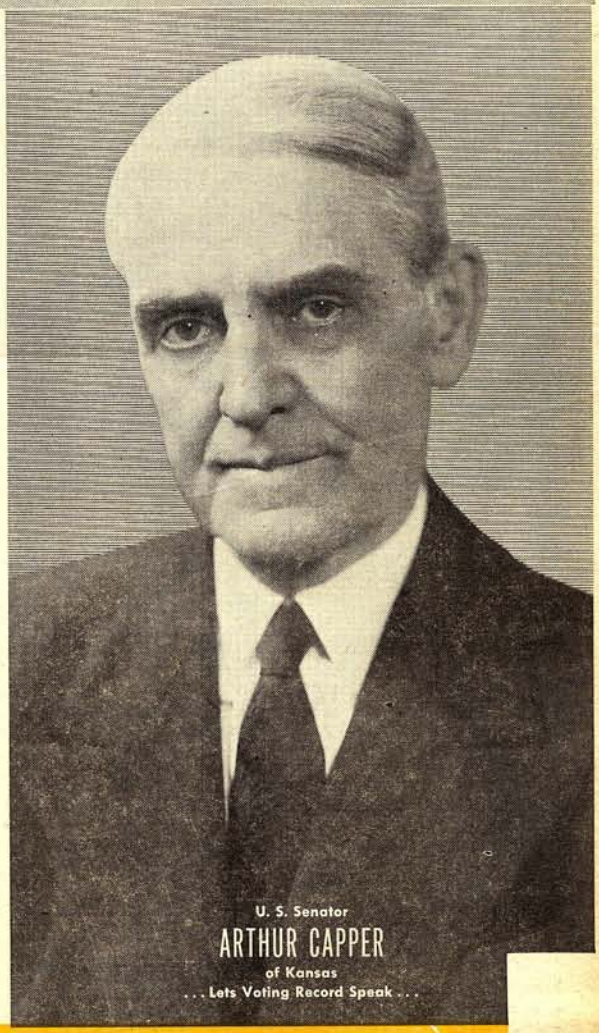
If he merits criticism for any position it was his unrecorded position on President Roosevelt's Supreme Court revision plan in 1937. Such an important test requires a positive or negative expression from a representative of the people.

He is co-author of the Cost-of-Production Bill now pending in the Senate, and he has supported every good agricultural measure offered in Congress. Among these were the farm moratorium and the farm refinancing bills.

When prohibition was the great national issue, Senator Capper, reflecting the sentiments of his "dry" constituents, led the fight for enactment of the Volstead Act.

On most issues since then, however, he has definitely been liberal. On labor, agriculture and finance his views largely are in harmony with the principles of social justice.

—*Harris & Ewing*



U. S. Senator
ARTHUR CAPPER
of Kansas
. . . Lets Voting Record Speak . . .

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